

IN THE  
**United States Circuit Court of Appeals**  
FOR THE NINTH CIRCUIT

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UNIVERSAL PICTURES COMPANY, INC., a Delaware Corporation and CLYDE BRUCKMAN,  
Appellants,

v.

HAROLD LLOYD CORPORATION, a California corporation,  
Appellee.

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HAROLD LLOYD CORPORATION, a California corporation,  
Appellant,

v.

UNIVERSAL PICTURES COMPANY, INC., a Delaware Corporation and CLYDE BRUCKMAN,  
Appellees.

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**OPENING BRIEF FOR APPELLANT AND CROSS-APPELLEE UNIVERSAL PICTURES COMPANY, INC.**

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## TOPICAL INDEX

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	PAGE
I.	
The pleadings .....	2
II.	
The facts .....	3
A. Synopses of plaintiff's and defendant's motion pictures .....	3
B. Testimony of plaintiff's witnesses .....	8
C. Testimony of defendant's witnesses .....	20
III.	
Statement of the case .....	31
IV.	
Specifications of error .....	39
Argument .....	48
I.	
To constitute an infringement there must be an appropriation of a substantial and material part of copy-rightable material .....	48
II.	
"Gags" and "stage business" having no dramatic quality are incapable of copyright protection .....	48
A. The "gags" and "stage business" comprising the so-called "magician's coat sequence", considered independently from the story as a subordinate sequence of events, are incapable of copyright monopoly .....	50

	PAGE
B. Plaintiff's copyright does not cover any particular sequence or combination of "gags" or "stage business" .....	51
C. Each of such "gags" or pieces of "stage business", being merely a comedy accretion to the story, is not the subject of copyright protection .....	52
D. Having no story structure, they are not dramatic works under the purview of the copyright statute .....	52
E. A mere subsection of a plot is not susceptible of copyright .....	53

### III.

The court's assessment of damages in the sum of \$40,000, being concededly based upon mere speculation and conjecture, and the record being devoid of any facts from which the alleged loss or its amount could lawfully or rationally be inferred, cannot be sustained .....	53
A. The speculations and conjectures of plaintiff's president and two alleged experts of the profits of plaintiff or some other motion picture producer might have made if it had ever re-issued or re-made plaintiff's motion picture, without any certain basis of facts, cannot support the court's award of damages .....	59
B. While an award of damages may be based upon the lost profits of an established enterprise where it can be determined with reasonable certainty by competent proof of what the amount of loss actually was, there can be no recovery of profits of a new and untried venture because there is no provable data of past business from which the fact that anticipated profits would have been realized can be legally determined .....	60

C. The evidence did not establish any open market or market value for the re-issue or re-make rights to plaintiff's motion picture .....	62
D. Statutory damages may be awarded only when neither plaintiff's damages nor defendant's profits are susceptible of proof .....	63
E. The federal courts have recognized the impossibility of proving actual damages in an action of this nature .....	64
F. If it should be determined that the proof adduced by plaintiff established actual damage in any given sum, then the award should not exceed the sum of \$5,000.00 .....	66
G. The court's award of damages upon the erroneous theory that plaintiff's president Lloyd, without any qualification or factual basis, could determine the market value of plaintiff's rights and estimate its damage, cannot stand .....	67
H. Damages cannot be awarded as in a personal injury case .....	68
I. Plaintiff having failed to establish any actual damage, the award should be limited to that part of defendant's profits shown to be due to the infringement .....	68

#### IV.

The exclusion of the testimony of plaintiff's president Harold Lloyd and the witness George A. Hirliman was erroneous .....	69
---	----

#### V.

The evidence having failed to establish, and the court having failed to find, the extent to which the use of the same material in the Columbia picture damaged

	PAGE
plaintiff, it could not determine that the subsequent use of the same material in defendant's picture damaged plaintiff in any given sum .....	70
 VI. 	
The court's erroneous finding that the exhibition of defendant's picture continued after notice of plaintiff's alleged claim, constitutes reversible error ....	71
 VII. 	
The unexplained delay of fifteen months in the assertion of plaintiff's alleged claim concerning a seasonable product like a motion picture, under a copyright that has been dormant for over ten years, precludes recovery of damages or profits .....	72
A. The extent of the delay is measured by the seasonable nature of an alleged infringing work .....	73
B. The rule is peculiarly applicable when plaintiff has not worked its statutory right for many years, coupled with defendant's assumption of a lawful right of use .....	74
C. Such course of action constitutes an equitable estoppel, debarring plaintiff from the recovery of damages or profits .....	75
D. The defense of estoppel need not be affirmatively pleaded where the issue is tried by the express or implied consent of the parties .....	76
Conclusion .....	78
Appendix .....	1-25

## Table of Authorities Cited

	PAGE
CASES	
Alexander v. Theatre Guild, Inc., 26 Fed. (2d), 741...	48
American Casualty Co. of Reading, Pa. v. Morris, 51 Fed. Supp. 889 .....	78
American Sea Green Slate Co. v. O'Halloran, 229 Fed. 77 .....	68
A. R. Mosler v. Lurie, 209 Fed. 364 .....	75
Atchison T. & S. F. Ry. Co. v. California Sea Products Co., 51 Fed. (2d) 466 .....	60
Auto Vacuum Freezer Co. Inc. v. William A. Sexton Co., 250 Fed. 459 .....	58
Barnes v. Miner, 122 Fed. 480 .....	51
Baush Mach. Tool Co. v. Aluminum Co. of America, 79 Fed. (2d) 217 .....	61
Becker v. Loew's, Inc., 133 Fed. (2d) 889 .....	48
Bernstein v. Meech, 130 N. Y. 354, 29 N. E. 255 .....	55
Bigelow v. R. K. O. Radio Pictures, Inc.,—U. S. —, 90 Law. Ed. 579 .....	61
Boston & Albany Railroad Co. v. O'Reilly, 158 U. S. 334, 39 Law. Ed. 1006, 15 Sup. Ct. 830 .....	58
Broadway Photoplay Company v. World Film Corpo- ration, 225 N. Y. 104, 121 N. E. 756 .....	54
California Press Mfg. Co. v. Stafford Packing Com- pany, 192 Cal. 479, 221 Pac. 345 .....	60
Capital National Bank v. Smith, 62 Cal. App. (2d) 328, 144 Pac. (2d) 665 .....	72
Carnera v. Schmeling, 236 App. Div. 460, 260 N. Y. Supp. 82 .....	55
Carpentier v. Small, 35 Cal. 346 .....	72
Carruthers v. R. K. O. Radio Pictures, Inc., 20 Fed. Supp. 906 .....	52
Central Coal & Coke Co. v. Hartman, 111 Fed. 96. .56, 60, 67	
Chamberlin v. Uris Sales Corporation, 150 Fed. (2d) 512 .....	48
Chappell & Co. v. Fields, 210 Fed. 864 .....	49
Chicago Life Ins. Co. v. Tiernan, 263 Fed. 325 .....	59
Cincinnati Siemens-Lindgren Gas Illuminating Com- pany v. Western Services Lindgren Company, 152 U. S. 200, 38 Law. Ed. 411, 14 Sup. Ct. 523...	57



	PAGE
Colonial Book Co., Inc. v. Oxford Book Co., Inc., 45 Fed. Supp. 551 .....	51
Corcoran v. Montgomery Ward & Co., Inc., 121 Fed. (2d) 572 .....	52
County of Los Angeles v. Signal Realty Co., 86 Cal. App. 704, 261 Pac. 536 .....	56
Cramer v. Grand Rapids Show Case Co., 223 N. Y. 63, 119 N. E. 227 .....	60
Cutting v. Miner, 30 App. Div. 457, 52 N. Y. Supp. 288 .....	55
Dam v. Kirk La Shelle, 175 Fed. 902 .....	66
Davilla v. Brunswick-Balke Collender Co., 94 Fed. (2d) 567 .....	64
Dobson v. Hartford Carpet Co., 114 U. S. 439, 29 Law. Ed. 177, 5 Sup. Ct. 945 .....	57
D'Ole v. Kansas City Star, 94 Fed. 840 .....	67
Douglas v. Cunningham, 294 U. S. 207, 79 Law. Ed. 862, 55 Sup. Ct. 365 .....	63, 65
Dymow v. Bolton, 11 Fed. (2d) 690 .....	48, 53
Echeverria v. Warner Bros. Pictures, 12 Fed. Supp. 632 .....	51
Edwin L. Wiegand Co. v. Harold E. Trent Co., 122 Fed. (2d) 920 .....	75
Eggers v. Sun Sales Corporation, 263 Fed. 373 .....	48
Eichel v. Marcin, 241 Fed. 404 .....	51
Electrical Research Products, Inc. v. Gross, 125 Fed. (2d) 912 .....	54
Ellerson v. Grove, 44 Fed. (2d) 493 .....	61
Fox v. Mutual Ben. Life Ins. Co., 107 Fed. (2d) 715 ..	72
Frankel v. Irwin, 34 Fed. (2d) 142 .....	51
Franklin v. Skelly Oil Co., 141 Fed. (2d) 568 .....	71
Fried, Krupp Aktien-Gesellschaft v. Midvale Steel Co., 191 Fed. 588 .....	59
Galliher v. Cadwell, 145 U. S. 368, 36 Law. Ed. 738, 12 Sup. Ct. 873 .....	75
Gibson v. Hercules Mfg. & Sales Co., 80 Cal. App. 689, 252 Pac. 780 .....	60
Gillons v. Shell Co. of California, 86 Fed. (2d) 600 ...	73
Glazer v. Hoffman, 153 Fla. 809, 16 So. (2d) 53 .....	50



	PAGE
Grand Trunk Western R. Co. v. Holstein, 67 Fed. (2d) 780 .....	71
Greenwood v. First National, Copyright Office Bulletin No. 20 (1926) 277 .....	50
Greenwood County v. Duke Power Co., 107 Fed. (2d) 484 .....	61
Grupe v. Glick, 26 Adv. Cal. 590, 160 Pac. (2d) 832 ..	61
Gulf Refining Co. v. Mark C. Walker & Son Co., 124 Fed. (2d) 420 .....	71
Haas v. Leo Feist, Inc., 234 Fed. 105 .....	73
Haese v. Heitzeg, 159 Cal. 569, 114 Pac. 816 .....	72
Hardt v. Heidweyer, 152 U. S. 547, 38 Law. Ed. 548, 14 Sup. Ct. 671 .....	73
Harold Lloyd Corporation v. Witwer, 65 Fed. (2d) 1. .50,	69
Haskins v. Roseberry, 119 Fed. (2d) 803 .....	77
Hedrick v. Perry, 102 Fed. (2d) 802 .....	60
Henning v. Wuest, 48 Cal. App. 147, 191 Pac. 713 ....	72
Hitchcock v. Valley Camp Coal Co., 29 Fed. (2d) 426	75
Holmes v. Hurst, 174 U. S. 82, 43 Law. Ed. 904, 19 Sup. Ct. 606 .....	51
Horlick's Malted Milk Corporation v. Horluck's Inc., 59 Fed. (2d) 13 .....	53
Iron City Toolworks, Ltd. v. Welisch, 128 Fed. 693 ..	62
Jewell-LaSalle Realty Co. v. Buck, 283 U. S. 202, 75 Law. Ed. 978, 51 Sup. Ct. 407 .....	64
Johnson v. Levy, 3 Cal. App. 591, 86 Pac. 810 .....	67
K & R Film Company v. Brady, 104 Misc. 667, 172 N. Y. Supp. 268 .....	56
Karno v. Pathe Freres, [1908] 99 L. T. Rep., N. S. 114	50
Keough v. Chicago & Northwestern Railway Company, 260 U. S. 156, 67 Law. Ed. 183, 43 Sup. Ct. 47 .....	58
Kustoff v. Chaplin, 120 Fed. (2d) 551 .....	52
Lacy Mfg. Co. v. Gold Crown Co., 52 Cal. App. (2d) 568, 126 Pac. (2d) 644 .....	61
Lowenfels v. Nathan, 2 Fed. Supp. 73 .....	48
Lynch v. Warner Bros. Pictures, Inc., 32 Fed. Supp. 575 .....	51
McDonald v. DuMaurier, 144 Fed. (2d) 696 .....	48

	PAGE
Meaney v. United States, 112 Fed. (2d) 538 .....	70
Montgomery v. Chicago, B. & Q. R. Co., 228 Fed. 616	54
Muser v. Magone, 155 U. S. 240, 39 Law. Ed. 135, 15 Sup. Ct. 77 .....	62
Muther v. United Shoe Machinery Co., 21 Fed. (2d) 773 .....	58
National Geographic Society v. Classified Geographic, 27 Fed. Supp. 655 .....	75
Nichols v. Universal Pictures Corporation, 45 Fed. (2d) 119 .....	51, 53
Oxford Book Co., Inc. v. College Entrance Book Co., Inc., 98 Fed. (2d) 688 .....	48
Parker v. Gulf Refining Co., 80 Fed. (2d) 795 .....	71
Pearl Assur. Co. Ltd. v. First National Bank, 140 Fed. (2d) 200 .....	78
Pennsylvania Railroad Co. v. Chamberlain, 288 U. S. 333, 77 Law. Ed. 819, 53 Sup. Ct. 391 .....	70
P. F. Collier & Sons Co. v. Hartfeil, 72 Fed. (2d) 625	71
Philip v. Nock, 84 U. S. 460, 21 Law. Ed. 679 .....	57
Pollitzer v. Foster, 59 Fed. (2d) 901 .....	75
Power Specialty Co. v. Connecticut Light & Power Co., 80 Fed. (2d) 874 .....	58
P. P. Mast & Co. v. Superior Drill Co., 154 Fed. 45 ...	58
Preston v. Kaw Pipe Line, 113 Fed. (2d) 311 .....	73
Roe-Lawton v. Hal E. Roach Studios, 18 Fed. (2d) 126	48
Rome Grader & Mfg. Corp. v. J. D. Adams Mfg. Co., 135 Fed. (2d) 617 .....	73, 75
Roseland v. Phister Mfg. Co., 125 Fed. (2d) 417 ....	61
Rude v. Westcott, 130 U. S. 152, 32 Law. Ed. 888, 9 Sup. Ct. 463 .....	59
Rush v. Oursler, 39 Fed. (2d) 468 .....	51
Sammons v. Colonial Press, Inc., 126 Fed. (2d) 341 .	64, 65, 66
Sanitation Dist. No. 2 v. Averill, 8 Cal. App. (2d) 556, 47 Pac. (2d) 786 .....	56
S. E. Hendricks Co., Inc. v. Thomas Pub. Co., 242 Fed. 37 .....	65
Seltzer v. Sunbrock, 22 Fed. Supp. 621 .....	52
Seymour v. McCormick, 57 U. S. 480, 14 Law. Ed. 1024	57

	PAGE
Sheldon v. Metro-Goldwyn Corp., 309 U. S. 390, 84 Law. Ed. 825, 60 Sup. Ct. 681 .....	37, 63, 68, 69
Sloan v. Baird, 162 N. Y. 327, 56 N. E. 752 .....	62
Solomon v. R. K. O. Radio Pictures, Inc., 44 Fed. Supp. 780 .....	53
Sussex Land & Live Stock Co. v. Midwest Refining Co., 276 Fed. 932 .....	67
Tate v. Fullbrook, [1908] 1 K. B. 821 .....	50
The People v. John Gabriel, 57 Cal. App. (2d) 788, 135 Pac. (2d) 378 .....	72
Twentieth Century-Fox Film Corp. v. Stonesifer, 140 Fed. (2d) 579 .....	48, 65, 68
Underhill v. Belasco, 254 Fed. 838 .....	51
Union Oil Co. of California v. Hunt, 111 Fed. (2d) 269 .....	53
Vacuum Cleaner Co. v. Innovation Electric Co., Inc., 234 Fed. 942 .....	74
Valvoline Oil Co. v. Havoline Oil Co., 211 Fed. 189	74
Vernon Lumber Corp. v. Harcen Const. Co., 155 Fed. (2d) 348 .....	78
Vogue Co. v. Thompson-Hudson Co., 300 Fed. 509 ..	54
Wakeman v. The Wheeler & Wilson Manufacturing Co., 101 N. Y. 205, 4 N. E. 264 .....	59
Walter v. Duffy, 287 Fed. 41 .....	62
Washingtonian Publishing Co. v. Pearson, 140 Fed. (2d) 465 .....	64
Westco-Chippewa Pump Co. v. Delaware Electric & Supply Co., 64 Fed. (2d) 185 .....	75
Westerman Company v. Dispatch Printing Company, 249 U. S. 100, 63 Law. Ed. 499, 39 Sup. Ct. 185	64
Widenski v. Shapiro, Bernstein & Co., Inc., 147 Fed. (2d) 909, 911, 912 .....	64
Wilson v. Mattei, 84 Cal. App. 567, 258 Pac. 453 ...	72
Window Glass Mach. Co. v. Pittsburgh Plate Glass Co., 284 Fed. 645 .....	72
Wooldridge v. Shea, 186 A. D. 705, 175 N. Y. Supp. 130 .....	55

## TEXT BOOKS

	PAGE
Corpus Juris Secundum, Vol. 5, Sec. 1786, P. 1189 ..	71
Corpus Juris, Vol. 13, Sec. 108, P. 1026 .....	49
Corpus Juris Secundum, Vol. 25, Sec. 42, P. 519 ...	60
Frohlich & Schwartz, The Law of Motion Pictures and the Theatre (1918), P. 536 .....	49

## STATUTES

Revised Statute, Sec. 4921 .....	64
Act of March 3, 1897, Ch. 391, Sec. 6, 29 Stat. 694	64
Act of March 4, 1909, Ch. 320, Sec. 1(d), 35 Stat. 1075, (17 U. S. C. Sec. 1(d)) .....	48
Act of March 4, 1909, Ch. 320, Sec. 25, 35 Stat. 1081 .....	3, 36, 63, 64, 65, 66
Act of March 4, 1909, Ch. 320, Sec. 34, 35 Stat. 1084 (17 U. S. C. Sec. 34) .....	3
Act of March 4, 1909, Ch. 320, Sec. 35, 35 Stat. 1084 (17 U. S. C. Sec. 35) .....	3
Act of March 4, 1909, Ch. 320, Sec. 38, 35 Stat. 1084 (17 U. S. C. Sec. 38) .....	3
Act of August 24, 1912, Ch. 356, 37 Stat. 489 (17 U. S. C. Sec. 25) .....	3, 36, 63, 64, 65, 66
Act of February 18, 1922, Ch. 58, Sec. 8, 42 Stat. 392 (35 U. S. C. Sec. 70) .....	64

## RULES

Rule 8 (c), Rules of Civil Procedure for the District Courts of the United States .....	77
Rule 15 (b), Rules of Civil Procedure for the Dis- trict Courts of the United States .....	77
Rule 43 (b), Rules of Civil Procedure for the Dis- trict Courts of the United States .....	69
Rule 43 (c), Rules of Civil Procedure for the Dis- trict Courts of the United States .....	70
Rule 61, Rules of Civil Procedure for the District Courts of the United States .....	70
Sec. 201. 4(b) (4), 37 Code of Federal Regulations, Ch. 11 (17 U. S. C. A. foll. Sec. 53), Rules and Reg- ulations for the Registration of Claims of Copy- right .....	49

No. 11286

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**OPENING BRIEF FOR APPELLANT AND CROSS-  
APPELLEE UNIVERSAL PICTURES COMPANY, INC.**

This is an appeal by defendants (Tr. p. 44) from a judgment of the District Court of the United States, for the Southern District of California, Central Division, holding that plaintiff's copyright in its motion picture entitled "Movie Crazy", has been infringed, by the use of six "gags" or pieces of "stage business" used in a comedy routine in the motion picture of defendant Universal Pictures Company, Inc. (referred to as defendant Uni-

versal) entitled "So's Your Uncle", which had been previously used in plaintiff's said motion picture, and awarding plaintiff damages in the sum of \$40,000, and costs including attorneys' fees of \$10,000.

Plaintiff has taken a cross-appeal (Tr. p. 48) from the whole and every part of said judgment.

## I.

### The Pleadings.

The complaint (Tr. pp. 2-7) contains two causes of action. The first cause of action alleges that defendant Clyde Bruckman (referred to as defendant Bruckman) was employed by plaintiff as one of the writers of its motion picture entitled "Movie Crazy", copyrighted by it on September 15, 1932, and that defendant's motion picture entitled "So's Your Uncle", of which defendant Bruckman is credited as author, infringes plaintiff's said motion picture, to plaintiff's general damage in the sum of \$200,000, and that said infringement has destroyed the right to re-issue, reproduce and re-make its said motion picture to plaintiff's special damage in the additional sum of \$200,000. The second cause of action repeats the prior factual allegations, and further alleges that immediately upon discovery of said infringement on or about March 20, 1945, plaintiff notified defendants in writing to withdraw defendants' motion picture, but that defendants have continued said infringement, from which profits have accrued to which plaintiff is entitled. Judgment is demanded for damages, an injunction and an accounting of profits. The respective answers (Tr. pp. 17-26) deny the material allegations of the complaint, except it is admitted that defendant's motion picture credits defendant Bruckman and two other writers as authors, and that on or about March 20, 1945 defendant Universal received a written notice to withdraw its said motion picture.



The action is for copyright infringement, brought under Sec. 25 of the Act of March 4, 1909, Ch. 320, 35 Stat. L., pt. 1, p. 1081; Aug. 24, 1912, Ch. 356, 37 Stat. L., pt. 1, p. 489 (17 U. S. C., Sec. 25), jurisdiction of which is conferred on the District Court of the United States [Act of March 4, 1909, Ch. 320, Sec. 34, 35 Stat. L., pt. 1, p. 1084 (17 U. S. C., Sec. 34)], in and for the district of which defendant is an inhabitant or may be found [Act of March 4, 1909, Ch. 320, Sec. 35, 35 Stat. L., pt. 1, p. 1084 (17 U. S. C., Sec. 35)]. The jurisdiction of this Court to review the judgment is conferred by the Act of March 4, 1909, Ch. 320, Sec. 38, 35 Stat. L., pt. 1, p. 1084 (17 U. S. C., Sec. 38). Timely notice of appeal was filed by defendants on February 6, 1946 (Tr. p. 44).

## II.

### The Facts.

#### A. Synopses of Plaintiff's and Defendant's Motion Pictures.

(The Alleged Infringed and Infringing 'Gags' or "Stage Business" Are Indicated In Italics.)

#### Plaintiff's Motion Picture "Movie Crazy."

Harold, a small town boy, has day dreams of being a Hollywood star. By accident he mails another photograph for his own to a film company, and receives a letter that they will give him a screen test. Upon arrival in Hollywood he strolls on the studio lot while Mary and Vance are acting a scene. Asked to fill in as an extra, he disrupts everything. O'Brien the producer, thinking he is the one whose picture he received, orders the test. It's raining, and Harold helps Mary put up her car top, with disastrous results. For all his clumsiness, Mary takes a liking to him and asks for his class pin, but Harold says he will give it only to the one girl. O'Brien sees the test, with twenty-six retakes be-



cause of Harold's blunders. Harold must have deliberately sent him a "phony photo". Harold not recognizing Mary made up for a Spanish part, is deeply impressed and gives her his class pin. Later Mary tells Harold she knows they are in love, and he must get that pin back from the Spanish girl. When he sees Mary in her Spanish make-up, he agrees to one long kiss for the pin—he gives the kiss but he does not get the pin. He borrows a class pin from a school friend. When he offers it to Mary, she tells him she knows what really happened, and they are "washed up". He sends a note to Mary, but she replies on the back of a dinner dance invitation that she will not see him. Harold reads the invitation instead of the note and attends the dance. Upon entering a man spills water on him, and he goes to the wash room and *puts on a magician's coat by mistake*. Pending Mary's arrival Harold dances with Mrs. Kitterman, wife of the film company head. *Dove flies from coat to man's head; egg drops from coat, Harold puts it in cup on table, opened by waiter and chicken comes out; second egg drops from coat, Harold puts it in man's hand as he swats fly on his forehead; Harold pulls rabbit from coat and puts it under covered platter being served guest; water squirts on Mrs. Kitterman from flower on coat and seeing man flipping water at girl throws it in his face; water again squirts on her and she slaps Harold and leaves floor in anger; Harold dancing with "movie vamp" and water squirts on both Mrs. Kitterman and O'Brien; white mice are released from box in coat, one going down Mrs. Kitterman's back and the others causing general confusion*. Magician threatens Harold. Mary denies she invited him and waiters throw him out, the invitation falls out of his pocket and he sees Mary's note. The filming of a fight scene becomes the real thing when Harold and Vance fight it out over Mary. Kitterman is so impressed with Harold's impromptu performance, that he signs him to a contract. Mary decides that with all Harold's faults she loves him still.

## Defendants' Motion Picture "So's Your Uncle."

Young Steve Curtis is penniless after repeated failure to have his play produced, in which he uses make-up, including a beard, to resemble his wealthy uncle. His uncle disapproves of the show business and wants his nephew to work in his office. Leaving the theatre in this makeup, Steve is hit by Pat's car. Thinking him an elderly man, she takes him to her home, where she resides with her wealthy Aunt Minerva. When Minerva, enraptured by Steve's flattery, expresses her fondness for the theatre, Steve says she must meet his nephew, who has just written a play. Steve subsequently returns as the nephew, to find that Minerva has arranged for its production. When Steve tells Minerva his uncle is taking a long trip, she suddenly loses interest in the play. Later Steve returns as the uncle and the trip is off and the play is on. Pat, Minerva, Steve (as the uncle) and Pat's boy friend Roger attend a night club. Steve goes to the washroom to remove the beard and *puts on a magician's coat by mistake*. He returns to the table as the nephew and dances with Pat. *Dove flies from the coat to woman's head; elastic line of handkerchiefs snaps against woman; egg drops from coat and Steve puts it in man's hand as he swats fly on his forehead; water squirts on woman from coat and seeing man stirring water in glass she throws it in his face; Steve pulls rabbit from coat and puts it under covered platter being served guest; white mice are released from box in coat, one going down back of woman dancer and the others causing general confusion*. Steve discards coat and magician grabs it from a waiter and knocks him down. It's hamburgers and love for Pat and Steve in a lunch wagon. Steve sends Minerva a note, purportedly from his uncle, that he is going out of their lives forever, his nephew is no good, she should not produce the play, and Steve should find a job and marry a nice girl like Pat. Steve returns as the uncle, supposedly a victim of amnesia, and is informed Pat is marrying his

nephew. Minerva hands him a check for five thousand dollars to give his nephew for the play. To Steve's dismay, Minerva tells Pat she and the uncle are also engaged. They give a party to announce both engagements. Steve appears as the nephew, and while upstairs effecting a change to the uncle, the real uncle Curtis arrives. When he denies the engagement, Minerva assumes he has had another amnesia attack. All ends well for the four of them, when Steve informs his uncle that Minerva is the Oil Baron's daughter.

Plaintiff's picture was produced from 1930 to 1932 and released in 1932 (Tr. p. 70). "Mr. Fendler—the ordinary life of the first issue of a picture is three years" (Tr. p. 70). Plaintiff's picture ceased to be exhibited in the United States "about three years after the release date" (Tr. p. 190). Defendants' picture had its first preview in Glendale, California on July 20, 1943, was generally released throughout the United States on December 3, 1943 and was first exhibited in Los Angeles, California on January 5, 1944 (Tr. p. 384). The running time of plaintiff's picture is 65 minutes, 40 seconds, while the running time of the entire magician's coat comedy routine (in which the alleged infringed "gags" and "stage business" appear) in plaintiff's picture is only 11 minutes, 14 seconds. The running time of defendants' picture is 63 minutes, 21 seconds, while the running time of the entire magician's coat comedy routine (in which the alleged infringing "gags" and "stage business" appear) in defendants' picture is only 6 minutes, 1 second (Tr. pp. 384, 385).

The same alleged infringing "gags" and "stage business" in defendants' picture had been previously used by defendant Bruckman, without plaintiff's authorization, in a two-reel comedy picture produced by Columbia Pictures entitled "Loco Boy Makes Good", starring three well known comedians, which was generally released throughout the United States on January 8, 1942 and continued to be exhibited to the time of the trial

(Tr. pp. 61, 154, 390, 397). The running time of this comedy routine in the Columbia picture represented more than one-third of the running time of the picture (Tr. p. 385).

The first notice of plaintiff's claim was in a written communication received by defendant Universal from plaintiff's attorney under date of March 20, 1945 (Tr. pp. 385, 386). Lloyd admitted that plaintiff had acquired notice of the use of the alleged infringing material in defendants' picture some time prior to the notice of March 20, 1945, but said he could not recall when (Tr. pp. 152, 153), and that one of plaintiff's employees, Mr. Murphy, would know the date (Tr. pp. 152, 153):

“The Court: The only thing is that the witness says he doesn't know. You are asking him questions and trying to tie him down to something that he keeps telling you he doesn't know. He says Mr. Murphy attended to those things and could give you the information, but he does not have the dates.” (Tr. p. 153)

Mr. Murphy was not called by plaintiff and it offered no evidence to refute defendant's proof, that plaintiff had deliberately failed to notify defendants of the alleged infringement, until over fifteen months after the general release of defendant's picture.

Defendant's counsel stated to the Court that defendant Universal had stopped the exhibition of the picture immediately upon receipt of plaintiff's notice (Tr. pp. 382, 383) and was prepared to offer such proof (Tr. p. 452), when plaintiff stipulated, that upon its receipt of notice of the alleged infringement, it instructed all of its exchanges to stop the exhibition of the picture until the matter was judicially determined, and that the exhibition was thereupon discontinued (Tr. p. 452).

## B. Testimony of Plaintiff's Witnesses

HAROLD LLOYD - President of plaintiff since its inception, and had charge of the productions in which he appeared (Tr. pp. 98, 99). Over defendants' objections and subject to motion to strike (Tr. pp. 100, 102, 104, 105) and without the proof of any facts to support the same, the witness was then permitted to testify:

"Q. Prior to the release of the motion picture entitled So's Your Uncle by Universal during the month of December, 1943, what was the value of the re-issue rights of the motion picture Movie Crazy?

A. I would say it should be well over \$100,000.

Q. And what was the value of the re-issue rights of Movie Crazy after the production and distribution of So's Your Uncle?

A. I would say it has been destroyed.

Q. What was the value of the re-make rights of Movie Crazy before the production and release of the Universal picture So's Your Uncle as of December 1, 1943?

\* \* \* \*

A. I would say it would be \$200,000, probably a great deal more, according to the quality of the picture.

Q. By Mr. Fendler: What is the value of the re-make rights of Movie Crazy as of the present time?

A. I would say that also was destroyed." (Tr. pp. 104, 105)

[The Court ruled that this testimony of the witness established that such rights had "a market value" (Tr. p. 107)].

It was his "intention to re-make all my popular pictures over myself, and what has not been stated is the making of my pictures myself I am sure would be of great deal more value to me to re-make them, myself, with a young personality than it would for someone else who



probably would not make them in the same manner or the same degree that I would make them. At least I feel like that. That, I think could be corroborated—Chaplin re-issued his Gold Rush and did certain things with it” (Tr. p. 110). Thus the only example he could give of an old picture of this nature having ever been revised was Chaplin’s “Gold Rush”, but as a re-issue and not as a re-make. He was 51 years old, and for over seven years had not acted in any picture (Tr. p. 112). The current popularity of the star is an important factor in determining the value of a picture (Tr. p. 113). The comedy incidents in the magician’s coat routine were deleted from plaintiff’s prior picture “Welcome Danger” and fitted into its picture “Movie Crazy” (Tr. p. 132). Plaintiff’s counsel conceded: “The picture was over-footage and the sequence was not used at that time” (Tr. p. 73). Plaintiff had never re-issued any of its pictures (Tr. p. 136), and the re-issue rights had never been sold, licensed or disposed of to any of its pictures (Tr. p. 354). “Q. Suppose you sell the re-issue rights would they be valuable too?—The Witness: My pictures are not for sale; therefore, you are asking me about something I haven’t gone into” (Tr. p. 354). While he first testified that the re-make rights to one of his pictures “Milky Way” had been sold (Tr. p. 136), he was later obliged to admit that the picture “doesn’t belong to me” (Tr. p. 354). He evaluated such rights solely upon the prospective profits that plaintiff might make if it ever should exercise such rights, or the prospective profits some other producer might make if plaintiff should ever sell such rights.

“Q. Your idea, as I understand it, is these re-issue rights might be sold to somebody who would have new prints made of the film and would distribute it throughout the theatres of the country?

A. They might do that or I might do it myself.” (Tr. p. 149)

\* \* \* \* \*

“Q. By Mr. Abeles: You say you had in mind two things—either you would re-make it or somebody else

would re-make it, is that correct?

A. Naturally.

Q. Now, if you re-made it did you have in mind that figure you testified to as being the profit that you would make from making the picture? \* \* \*

The Witness: You are asking me to assume something. I think you can make a great deal of profit if I made it myself and I think someone else could make a great deal of profit if they also re-made it." (Tr. p. 360)

\* \* \* \* \*

"Q. When you state that figure who have you got in mind would re-make it? You or somebody else?

A. Myself or somebody else. It would be according to how well done it is. That is what I tried to make plain" (Tr. p. 361).

"Q. By Mr. Abeles: What do you base that figure upon if you re-made it yourself? That is a simple question. Just answer that, please, Mr. Lloyd.

A. Well, I just stated that other pictures have been made, many of them?

Q. Is that an answer?

The Court: In other words, what is your opinion from your experience in the industry?

The Witness: Other pictures have been re-made and made tremendous amounts of money. What is the reason to assume that my picture cannot be just as good as the other pictures that have been re-made?

Q. How would you make \$400,000 or \$500,000 if you made the picture yourself? Do you mean the profit you would make out of it? Is that what you have in mind?

A. Naturally, that is what you would make out of it." (Tr. pp. 362, 363)

The Witness conceded that it was not a common practice in the industry to re-issue or re-make old motion picture subjects:

"Q. What is the final disposition of a picture after it has once been exhibited?



A. Well, after a picture has been withdrawn from circulation it is generally held for a certain number of years.

The Court: Where is it held?

The Witness: Well, whoever happens to own it. If the studio owns it they probably keep it in their laboratory and then after so many years if they feel there is a different audience for it then it is considered for either re-issue or re-make." (Tr. pp. 366, 367)

\* \* \* \* \*

"The Court: Is there any sale value to those pictures? Is there any trading in the industry in those old pictures?

The Witness: You take old pictures like the Klansman which Griffith made many years ago—I think as I recall—I am speaking vaguely now, but I think it was re-issued and probably made quite a lot of money, and I think DeMille's King of Kings or his Ten Commandments were reissued at various times." (Tr. p. 367)

\* \* \* \* \*

"The Court: And is that more or less of a common practice in the industry?

The Witness: Well it could be.

The Court: Well, do you know whether it is?

The Witness: I think it is to a degree." (Tr. p. 369)

The witness subsequently conceded that he was not qualified and in no position to express any opinion as to the availability or value of such rights:

"The Court: And do they interchange them between studios?

The Witness: I think so.

The Court: Don't you know?

The Witness: I am not positive because I have kept myself more or less in the production end of the business. \* \* \* " (Tr. p. 369)

The Court recognized that this testimony had completely disqualified the witness:

"I was asking general questions as to the practice in the industry which will probably come out through other witnesses that have handled that end of the business and will be qualified to testify." (Tr. p. 371)

He knew of no picture in the entire history of the industry, of the nature of plaintiff's picture (a secondary story and situation comedy specially written for the individual personality of a motion picture comedian, as distinguished from a motion picture based upon a famous stage play or novel) that had ever been re-made:

"Q. \* \* \* Now you say other pictures have been made and they made a lot of money on re-make—let me ask you this question: Do you know one single picture, just one, made by a named comedian that had a secondary story and situation comedy that has been re-made, and that means Chaplin, you, Keaton, St. John, Langdon, Laurel & Hardy—anybody. Just name one single picture of that type that has ever been re-made?

A. I am doing something right now in a picture that no other comedian has done in motion pictures; I don't think they have. I don't know whether they have or haven't.

Q. You don't know, then. That is enough.

A. I wouldn't go that far to say that. I simply say that because you are asking me the question. I would have to look it up. I am not assuming that it has not been done.

Q. But you don't know of any one instance where it has been done, do you?

A. I know the picture that Chaplain made, The Gold Rush.

Q. I am not saying that; I say re-make.

A. I claim it could be done by him. Whether they have done it or haven't done it I think is beside the point." (Tr. pp. 363, 364)

Thus the witness acknowledged, that the only picture of this type that had ever been made which in his opinion might be successfully re-made, was Chaplin's picture "The Gold Rush".

The witness mentioned the value of the re-make rights of the motion picture "Abie's Irish Rose", but had to admit that it was the other type of picture, i. e., based upon a very famous stage play, which had been performed by a number of companies for a long period of time throughout the United States (Tr. pp. 355, 356).

"Milky Way", the only old comedy picture of either type that to his knowledge had ever been sold for re-make, was likewise based upon a novel and stage play, and had only been bought "as a guide" for making another picture, and not for re-make (Tr. pp. 368, 369-371). Defendant's counsel offered to establish by Lloyd's testimony, that in the defense of a prior action instituted against plaintiff for infringement in the use by plaintiff of the same type of material in the same type of picture, he had testified that all of plaintiff's pictures consisted of only a secondary story and situation comedy comprising "gags" and "stage business," specially written for the individual personality of the star, as distinguished from pictures based upon famous stage plays and novels. The Court sustained plaintiff's counsel's objection upon the ground:

"The Court: I am not going to permit you to impeach your own witness.

\* \* \* \* \*

Mr. Abeles: Judge, I am not impeaching him. When I am reading from a record as to what the witness said in that case, that the story of his pictures meant nothing, only the comedy which was created for his personality.

The Court: Counsel, I have ruled.

Mr. Abeles: That is all. Under the circumstances I can't go any further with this witness." (Tr. pp. 365, 366)

He felt that the use of the alleged infringing material in the magician's coat comedy routine in defendants' picture, would cause him damage because "they would probably class me as an imitator and they probably would be tired of seeing the scenes" (Tr. p. 150). It was immaterial that defendants' picture was not a major picture, if it was exhibited in the same type of theatres as major pictures (Tr. p. 156).

"Q. You know the Universal picture was a 'B' picture, did you not, So's Your Uncle?

A. It played in all the theatres where major pictures play, therefore, it is seen by all people that see major pictures. I don't know what classification they put it in.

Q. You don't know how many people saw it, do you?

A. I just stated it played in over 6,000 theatres. That is quite a few." (Tr. p. 156)

For the same reason the witness had to concede that although the Columbia picture was not a major picture, if it was previously exhibited in the same type of theatres, "I would say it had done me a great deal of harm if it had played in all the theatres the other one played in" (Tr. p. 159). This testimony was given at the first session of the trial commencing September 10, 1945. The trial did not resume until November 16, 1945. In the interim defendant Universal took the deposition of a representative of Columbia, who testified that its picture (containing the magician's coat comedy routine) had been exhibited in 7,065 theatres in the United States, "in all types of cities, both large and small, throughout the United States—in all types, kinds and characters of motion picture theatres in the United States, varying from large to small theatres in metropolitan areas as well as theatres in large and small towns" (Tr. pp. 389-391). Defendant's picture had only been exhibited in 6,636 theatres in the United States, without any evidence adduced as to the types of theatres (Tr. p. 90).

Upon the adjourned date plaintiff's counsel called upon the witness to "correct that answer or to enlarge it". The witness then changed his testimony and said that in his opinion the Columbia picture did not affect plaintiff's picture, because "a great many times shorts are purchased by the theatres but are not always shown— Sometimes they are purchased and never shown them" (Tr. pp. 373-375). However, this was dissipated by the testimony of the Columbia representative, that his records established its picture "was exhibited in 7,065 theatres in the United States" and "in all types, kinds and characters of motion picture theatres" (Tr. p. 391).

MAURICE LEO – Writer of motion picture material since about 1934 (Tr. p. 216). Wrote the story outline and original version of defendant's screen play "So's Your Uncle" (Tr. p. 218). Subsequently wrote in the magician's coat comedy routine supplied by the producer, who thought it would fit nicely into the night club sequence (Tr. pp. 220, 227). The witness admitted that it was against his better judgment "because I thought it was dated and old-fashioned" (Tr. p. 221). The night club sequence had already been written by him, in which (as in the later version) the leading character appeared as both the nephew and the uncle, and changed coats in the wash room to masquerade as the other man, and the only change effected in the later version was to fit in the "gags" and "stage business" of this magician's comedy routine (Tr. p. 228).

GEORGE R. BENTEL – Since 1923 authors' agent in the sale of manuscript plays for stage production (Tr. p. 197). While he testified on direct that prior to 1923 he was connected with an organization that had produced certain "plays and pictures" (Tr. p. 196) he admitted on cross that such productions were limited to stage plays (Tr. p. 412). Over defendant's objections (Tr. pp. 198-202) and without proof of any supporting facts, the witness was permitted to testify that in his opinion, prior to the release of defendants' picture the re-issue



rights of plaintiff's picture were worth \$150,000 and the re-make rights \$250,000, and after the release of defendants' picture both rights had lost 90 per cent of their value (Tr. pp. 202, 203). He based his opinion entirely upon "outstanding examples" of the increased prices that were being paid by other producers "for motion picture rights to an outstanding subject, a successful stage play or best-seller novel" (Tr. pp. 205-206). The ordinary period for the re-making of a picture is four years after its release (Tr. p. 205). (Plaintiff's picture was released in 1932 [Tr. pp. 70, 190].) While he was doubtful if Lloyd could successfully re-make plaintiff's picture, he considered it had a value because "Somebody might buy the re-make rights" (Tr. p. 209). In his opinion the Columbia picture had not damaged plaintiff's picture, because "I would not understand why any exhibitor would want to show it" (Tr. p. 409). When the Court brought out that the evidence established the Columbia picture had been exhibited in the same type of theatres as plaintiff's picture, the witness said this would not change his opinion "Because the Lloyd picture was so superior and that particular situation was handled so much better in the Lloyd picture that you got an entirely different impression" (Tr. p. 410).

A. M. BOTSFORD — Connected with a talent agency. "We in that agency try to interest studios in the possible sale of motion picture rights but I don't remember of any sales that we made." (Tr. pp. 455, 456)

"The Court: \* \* \* What do you know about the custom in the industry with reference to the disposition of films that have run their course and have been put away in storage, as to whether or not they are ever brought out and used again?

The Witness: Yes, I think they are." (Tr. p. 457)

His experience in the sale of the re-issue and re-make rights to motion pictures was confined to his prior association with Paramount, and "there was no sale" ever

made of such rights although "We did have a long list of pictures which we were willing to sell to other producers" (Tr. p. 457). In fact he had knowledge of only one sale ever having been made of such rights by a producer:

"The Court: Do you have any knowledge of any picture, without naming them or the amount of the sale of those pictures, do you have any knowledge of such sales to third parties?

The Witness: I know of the sale of, yes, one in particular. There are probably others." (T. p. 459)

Such old pictures were retained only because of the possibility of some future use:

"The Court: \* \* \* Then the purpose of retaining those old films is three-fold: One, possible re-issue, possible re-make and possible sale to a third party?

The Witness: Correct." (Tr. p. 459)

Upon only such qualifications and no supporting facts, and over defendant's objections (Tr. pp. 457, 460-462) he then testified:

"By Mr. Fendler: What in your opinion was the value of the re-issue rights as of December, 1943, of Movie Crazy?

A. Well, I will have to qualify that by saying that my knowledge of that comes from the fact that I know that the distribution department would say to us unless we can make \$100,000 there is no use of re-issuing it. Now, in the case of Movie Crazy I would say somewhere around that figure.

Q. Do you have an opinion as to the value of the re-make rights of Movie Crazy as of that date?

A. Yes.

Q. What in your opinion was the value or what would have been the reasonable value of the re-make rights of Movie Crazy as of that date?



The Witness: I would say from 125 to 150 thousand dollars. I can qualify that if you like— It is based on the fact—it depends on who wants it and for what purpose they want it.” (Tr. p. 462)

That since the release of defendants’ picture:

“A. I wouldn’t think it would be very good for re-issue or re-make now.” (Tr. p. 464)

He admitted on cross, that he based his estimate solely upon the supposition that Paramount would not be interested in any old picture, unless they anticipated that much profit:

“Q. So it depends on whether or not they could make \$100,000 on the picture?

A. That is an arbitrary figure. They would say they want to make so much money.

Q. You mean make a \$100,000 profit?

A. Yes.” (Tr. p. 467)

He only knew of one comedy picture “Hold That Blonde”, in the entire history of the industry, that had ever been used for re-make (Tr. p. 470), and even in that one instance only. “the story” was used and not any part of the comedy sequences or material.

“A. \* \* \* That was a picture made by Raymond Griffith which was a comedy. \* \* \* The story was taken from the Griffith picture and re-made for Eddie Bracken. \* \* \*” (Tr. p. 463)

He did not know if the story had been written specially for Raymond Griffith, or if it was based upon a stage play; he only knew the “picture was devised for Raymond Griffith” (Tr. p. 469).

Pictures with original stories are not comparable with pictures based upon stage plays or novels:

“Q. Have original stories in many instances been much more profitable when made as motion pictures?

A. No.

Q. Motion pictures based on plays and stories?

A. Yes'' (Tr. p. 469).

The Columbia picture damaged plaintiff's picture "Depending on how many people saw the Columbia short and what type of people they were \* \* \* If it were actually played in the same type of theatres \* \* \*." (Tr. pp. 464, 465)

ARTHUR M. LANDAU - Associate producer of United Artists Studios (Tr. p. 253). Previously employed by motion picture producers, in the distribution of their original motion picture productions, and later acted as agent in the placing of talent and story material (Tr. pp. 253, 254). Was only familiar with original story material and motion pictures, having had no experience in re-issues or re-makes (Tr. pp. 254, 255). Without any qualification or factual basis, and over defendant's objections (Tr. pp. 256, 257) the witness was permitted to testify that in his opinion the re-issue rights of plaintiff's picture were worth "I would say over a hundred thousand dollars" and the re-make rights "Around \$200,000", before the release of defendants' picture, and that after its release as to the re-issue rights "Well, I don't think they are worth much of anything" and the re-make rights "A very, very nominal sum" (Tr. pp. 255-260). The following stamped the testimony of this witness as utterly biased and worthless:

"The Court: The question, in substance, was that this same sequence had appeared in a Columbia picture in 1941; and if you had known that, would that have had any bearing upon your answers that you have heretofore given?

The Witness: No, it would have no bearing upon it.

The Court: In other words, it was just because the sequence was in So's Your Uncle that you feel that the value was destroyed?

The Witness: Well, there are a lot of contributing factors to that answer. One is this: That the execution of it by Harold Lloyd as an actor in that picture—

The Court: I know, but the other picture was not by Harold Lloyd. The sequence in the other picture, of course—

The Witness: My answer would be the same.” (Tr. pp. 261, 262)

### C. Testimony of Defendant's Witnesses

FELIX ADLER — Had forty-five years experience in the entertainment field, first appeared in vaudeville and burlesque, presently employed by Columbia Pictures Corporation, and previously employed for many years in the motion picture industry as a writer or “gag man”, in which capacity he had been employed by plaintiff at the time of its production of the motion pictures “Welcome Danger” and “Movie Crazy” (Tr. pp. 318-320, 327). Prior to the production of “Movie Crazy”, plaintiff had “practically a facsimile” of the same magician’s coat comedy routine written in its picture “Welcome Danger”, after the picture was photographed, as comedy accretion to the story (Tr. pp. 320, 321, 331). The “stage business” of putting on a magician’s coat by mistake and the props unexpectedly dropping out, was taken by plaintiff from the act of Maximillian & Martin, and a scene in a Charlie Chaplin picture in which he does a magician’s comedy routine with a coat (Tr. pp. 321, 322). The “stage business” of dropping an egg in a man’s hand and of his breaking the egg on his head in slapping an insect, was taken by plaintiff from a Mack Sennett picture, and had been used in many other pictures (Tr. p. 323). The “stage business” of water unexpectedly squirting out of a flower in a coat lapel on someone who thinks it was done by a person holding a glass of water, was taken by plaintiff from a number of Mack Sennett pictures and from a Fox picture (Tr. pp. 324, 325). The “stage business” of rabbits, doves, eggs and mice com-

ing out of a magician's coat was stock material (Tr. p. 326). None of the "stage business" in this comedy routine had any relationship to the story or development of the plot of "Movie Crazy" (Tr. p. 332). Since the days of the medicine man and burlesque, "gags", and "stage business" of this nature have always been considered common property, so that it has been a common practice for writers of this material (known as "gag men") and comedians, to exchange such material and fit it in their own comedy routines (Tr. pp. 330, 331, 338-340). This was the first instance that the witness had ever heard of anyone claiming the exclusive right to such material (Tr. p. 340). It was for this reason that the same "gags" and "stage business" of the magician's coat comedy routine had been used by the witness and defendant Bruckman in the Columbia picture prior to their use in defendants' picture (Tr. pp. 335-338). (The Court rejected the testimony offered upon the cross-examination of Harold Lloyd, that such "gags", "stage business" and comedy routines were used interchangeably by all studios, and that Lloyd persistently followed this practice [Defendants' offer of proof, Tr. pp. 121-128].)

JAMES GELLER - Story editor for defendant Universal. Had been chief story editor of Warner Bros. and determined the availability and value of its motion picture material. Was previously agent for writers and in the sale of material (Tr. pp. 265, 266). Deemed the re-issue rights of plaintiff's picture negligible, as pictures of this type "that have been made over a period of years have rarely, if ever, re-issued. They might be re-issued in certain specific places as museum pieces, or there might be here and there a theatre in various cities that might claim re-issues, but I doubt whether they would go as far back as ten or twelve years, with the exception of the Charlie Chaplin pictures" (Tr. p. 267). (This concurred with Lloyd's testimony that only one picture of this type, Chaplin's picture "The Gold Rush", was ever re-issued after such length of time [Tr. pp. 110, 364].) If

such a picture was re-issued, he doubted if the returns would equal the prints and advertising costs (Tr. p. 267). (The Court subsequently excluded the testimony of George A. Hirleman that he could not recoup such costs from the re-issue rights to one of Lloyd's pictures [Tr. pp. 430, 460].) It had no re-make value because it had passed its vogue (Tr. p. 268). The picture contained fifty to one hundred comedy routines, so that elimination of the magician's coat routine could not affect its value. When the picture was first issued the name of Harold Lloyd attracted the audience, and if it was re-issued today only curiosity could be the attraction (Tr. p. 269). While it was a box office attraction when it was made, this would be no criterion as to the value of the re-issue or re-make rights of a picture made that long ago (Tr. p. 274). (Plaintiff's picture was made in 1930-1932 [Tr. p. 70].)

CLYDE BRUCKMAN (defendant) – Presently employed by defendant as a "gag" writer (Tr. p. 231). Motion picture writer for approximately 25 years (Tr. p. 91). Wrote sub-titles in the days of silent pictures. Employed as "gag" man, writer or director by Warner Bros., Buster Keaton, Mack Sennett Pictures, Monty Banks Productions, Hal Roach Studio, Metro-Goldwyn-Mayer, Columbia, Universal, Lloyd and other studios (Tr. pp. 450, 451). While in plaintiff's employ, was one of the writers of "Welcome Danger" and "Movie Crazy" and directed the latter (Tr. pp. 91, 92, 94). The "gags" and "stage business", comprising substantially the same magician's coat comedy routine, had been previously used by plaintiff in its picture "Welcome Danger", and deleted before its release (Tr. pp. 232, 233). The straight type of magician having become old-fashioned, it was a common practice to have comedy routines, in which others would imitate magicians and expose the tricks, "putting comedy into the acts, modernizing them" (Tr. p. 235). Defendants' picture was substantially completed when he added this comedy routine. The night club scene and dance sequence had been completed, when Yarbrough, the pro-



ducer, said he needed some comedy in the dance sequence, so the witness added such "gags" and "stage business" (Tr. pp. 235, 236). Yarbrough made no suggestion as to the nature of the comedy material he desired (Tr. p. 236). As it was a common practice for "gag" men to use "gags" and "stage business" of this nature that had been used before, Yarbrough made no objection to the use of such material (Tr. pp. 237, 238). The witness had continually followed this same practice during the term of his employment by plaintiff (Tr. pp. 238-241).

JEAN W. YARBROUGH (Producer of defendants' picture) - He had authorized Bruckman to add this comedy routine in the dance sequence in defendants' picture, because "I was told by Mr. Bruckman that material of this nature had been used two or three times, over a period of years previously" (Tr. p. 449). (The producer of the Columbia picture had authorized its use for the same reason [Tr. pp. 337, 338], and it had been continuously exhibited as a part of the Columbia picture for almost two years prior to the release of defendants' picture, without plaintiff's objection.)

W. W. LARSEN - A magician and manufacturer of magician's props (Tr. p. 310). Member of all magicians' societies (Tr. p. 314). Prior to 1932 it was a common practice to combine magicians' acts with comedy routines, on the stage and in night clubs and hotels (Tr. p. 310). In such comedy routines a person who was not a magician would put on a magician's coat, whereupon props accidentally appeared to come out of the coat (Tr. pp. 310, 311). In one comedy routine when an egg dropping out of the coat was broken, a chicken emerged instead of the yolk (Tr. p. 311). In another a rabbit would be put under a serving cover (Tr. p. 312). Since he was a boy it has been a favored subject of cartoons, articles and stories, of a person who was not a magician getting into a magician's coat and things of this nature unexpectedly happening (Tr. p. 313). For many years it was common practice in magicians' comedy routines for a

stooge from the audience to get into the magician's coat by mistake, and then all the props would accidentally come out (Tr. pp. 316, 317).

GEORGE A. HIRLIMAN — Prior to the attendance of this witness, the Court had said that none of plaintiff's witnesses were qualified to establish its damage, and that the only testimony that could have any bearing or weight would be that of someone dealing in such rights:

"The Court: Gentlemen, I am interested, insofar as expert testimony is concerned, in that of these men that deal in these pictures \* \* \* older films that are being re-issued or re-vamped. That is the testimony that I am interested in—in something that will have some weight with me.

\* \* \* \* \*

The Court: \* \* \* I am not familiar with the question of the re-makes and the re-issues, etc., and there are those in the industry who are and who should be able to give the Court real aid. The only witness, so far, that I can recall at this moment, who has had a broad comprehension of the industry is Mr. Lloyd himself. I realize that he is the plaintiff and an interested party, and these employees of Universal are virtually in the same position.

If there is such a thing as disinterested witnesses in the industry, that we do not feel they are bound one way or the other and can give the Court their frank, honest testimony on the question of the re-issues and the practice in that regard, and the re-make and the practice, and the salability of films that have been out for ten years and have been in cold storage since then, I would like to have that aid." (Tr. pp. 300, 301, 303)

Lloyd subsequently admitted that he had no experience in that end of the business and no knowledge of any "common practice" in dealing in such rights (Tr. p. 369)



and the Court recognized that as he had not "handled that end of the business" he was not "qualified to testify" (Tr. p. 371). Lloyd had testified that he had heard there was someone who had purchased such rights to certain Goldwyn pictures and that his attorney had the figures to show what this party had paid for such rights (Tr. p. 369). Defendants had then procured the attendance of this witness, who testified as follows:

About 30 years in the motion picture industry. Originally in the laboratory end of the business. For about 10 years produced pictures for Metro-Goldwyn-Mayer, Republic, RKO, Fox, Grand National and independents (Tr. p. 420). Presently president of International Theatrical and Television Corp. which, together with 10 other companies owned by it, is engaged in the business of dealing in re-issue and re-make rights to motion pictures (Tr. p. 420). His organization, of which he is the managing director, is considered the largest, or one of the two largest, companies engaged in the purchase of such rights (Tr. p. 421). His companies had purchased such rights to many of the outstanding motion pictures based upon famous stage plays and novels (Tr. pp. 421-425). While they had paid \$1,350,000 for such rights to only 30 Goldwyn pictures costing \$100,000,000 to produce, they paid only \$80,000 for such rights to 411 Hal Roach comedy pictures costing \$25,000,000 to produce (Tr. pp. 423, 444, 446). The principal consideration for the Roach purchase was the picture "Topper" (which plaintiff's counsel conceded to be "One of the outstanding comedies"), starring Cary Grant and Constance Bennett, which was based upon a very famous novel by a famous author, whose books are still in great demand (Tr. pp. 423, 438), so that the remaining 410 pictures, all of which were recorded since the advent of sound (Tr. p. 446) represented only a nominal part of the total consideration of \$80,000. Of these 410 pictures, 400 were two and three-reel shorts and 11 feature pictures of which 7 were Laurel and Hardy features (Tr. p. 446). The purchase of such rights to these 410 pictures even at that time, and

for this nominal sum, was occasioned by the abnormal condition during the war, of a picture shortage:

“The Witness: There has always been a certain amount of re-issue business but it became more profitable and more common with the war when there was a shortage of film and pictures.” (Tr. p. 434)

In this respect the witness explained that while any picture, comedy or otherwise, based upon a famous stage play or novel might have a re-issue or re-make value, a situation comedy, of the nature of plaintiff's picture, where the story and comedy material was written specially for the personality of a particular comedian, would have no value for any such purpose:

“The Court: As a matter of fact, isn't there a demand for that type of pictures in certain theatres?

The Witness: If they are of the classic type. I mean a picture like Wuthering Heights or Lady Vanishes. They could probably be issued four different times.

The Court: Aren't there some theatres that make a business of showing only old pictures over again?

The Witness: What they call art theatres, which only play the classics or foreign pictures or things like that. \* \* \* ”

\* \* \* \* \*

“The Court: The Court is interested in this witness' testimony as to whether there is any re-issue value in a comedy. That is really what I am interested in. Let me ask this question: Comedies have re-issue value the same as any other type of picture do they not?

The Witness: It all depends, your Honor, on what they were based on.

The Court: Well, if they are still funny and make people laugh and people want to see them they are still valuable, aren't they?

The Witness: Would you like me to enlarge on that and explain what I mean?

The Court: Yes.

The Witness: The picture Mr. Fendler refers to, Topper, is from a very famous novel by a very famous author whose books are still in great demand. When I referred to the other type of picture—I don't recall that I used the word 'comedy' but if I did I meant a picture that was made up of a lot of situations and there was no original famous play or story or stage play or something which would more or less live forever. I don't think Topper comes into the classification of a comedy in the sense of a situation comedy.

\* \* \* \* \*

Q. (Mr. Fendler) In fact, some of the most famous moving pictures, both in the silent and talking picture days, have been originals which have been developed at the studios, isn't that right?

A. And were re-issued?

Q. I am not talking about re-issue.

A. I am not testifying on new pictures. I am testifying with reference to re-issues.

\* \* \* \* \*

Q. Ruggles of Red Gap. Does that refresh your recollection?

The Witness: You have the same situation there as you have with Topper. You have another famous author.

\* \* \* \* \*

Q. Would it surprise you to know that Danny Kaye is now acting in a production of Goldwyn of a remake of Harold Lloyd's Milky Way?

A. That also was taken from a play, wasn't it? (Tr. pp. 434, 437-440, 448)

\* \* \* \* \*

Q. Now to your knowledge, and this is the last question, to your knowledge, do you know of any

picture containing a secondary story—that is a story that is not a famous or outstanding story, whether original or otherwise, where the material was written for a comedian,—situation material written for a comedian like Lloyd or Chaplin or Buster Keaton that was ever re-made in one single one?

A. No.” (Tr. p. 448)

There is no regular market for such rights to even pictures based upon famous stage plays and novels, it being purely a matter of trading for the purchase of the rights to such a picture that is deemed of value for such purpose:

“The Court: Well, whatever a picture sells for is only a small part of the original cost?

The Witness: Very small.

\* \* \* \* \*

The Court: Then really when you want a picture it is simply a question of horse trading?

The Witness: Yes, sir.

The Court: Dickering back and forth?

The Witness: Yes.

The Court: You find a picture which you feel has a re-issue value and then you try to buy it?

The Witness: Yes, sir.

The Court: Now, do you deal directly with the owners of those films or do you generally deal through brokers?

The Witness: Generally directly with the owner.

The Court: But there are brokers who engage in that business?

The Witness: Not that I know of.” (Tr. pp. 435, 436)

Whether a picture has any re-make value depends upon whether it has any re-issue value (Tr. p. 427). Plaintiff's picture had no re-issue value to him (Tr. p. 425) because it is dated, and does not have a star who is a present-day box office draw.

“The Court: It is true then that pictures that have seen their day in a sense, are re-issued and re-distributed to your advantage?

The Witness: If they are not dated by either wardrobe or costumes or technique.

\* \* \* \* \*

Q. Now, I will ask this question: Why wouldn't you buy the re-issue rights to this picture? \* \* \* Upon what do you base that statement, Mr. Hirli-man?

A. The picture is dated. It doesn't have a star in it who in my opinion has a big box office draw today.

Q. Has it any story value?

A. Has it any story value?

Q. Yes. Is there any outstanding story there that can be made apart from the comedy?

A. No, sir.

Q. By Mr. Abeles: What is the type of picture? What type of material is in the picture?

A. Gags.

Q. Gags for situations? Gags for Harold Lloyd personally, is that what you would say?

A. I would.” (Tr. p. 428)

Lloyd had testified that the re-issue rights had never been sold, licensed or disposed of to any of his pictures: “A. No; because I haven't had them up for sale” (Tr. p. 354), and that this applied among the others to his picture “Safety Last”, such rights to which he considered “very valuable” (Tr. p. 352). The witness contradicted Lloyd's testimony:

“Q. Now, Mr. Lloyd said that no re-issue rights were ever sold to any of the motion pictures that he produced. Did you ever buy the re-issue rights to any of Mr. Lloyd's motion pictures—any motion pictures produced by Harold Lloyd?

A. I did.

Q. What is the name of that motion picture?



A. Safety last.

Q. When did you buy the rights to re-issue that picture?

A. In either 1932 or 1933." (Tr. pp. 428, 429)

Thereupon, testimony of the witness was offered to refute Lloyd's testimony that the re-issue rights to both "Movie Crazy" and "Safety Last" were "very valuable", and to confirm the unimpeached testimony of both plaintiff's and defendants' witnesses that such rights to a motion picture of this nature, with a secondary story not based upon a famous stage play or novel and situation comedy written for a particular comedian had no re-issue value. (Such rights to plaintiff's picture "Safety last" had been purchased by the witness for only \$3,500 [Tr. p. 460], and not one exhibitor would take the picture because there was no demand for the re-issue rights to any picture of this nature [Tr. p. 460].):

"Q. How much did you pay for them?

\* \* \* \* \*

Mr. Fendler: May I direct your Honor's attention to the fact that you would not permit—

The Court: I am aware of that. Your objection to the amount is a good objection because I sustained an objection of yours to the same question.

Mr. Abeles: If your Honor please, the distinction is this: In this case I am asking the witness to testify to a fact.

The Court: Just a moment, counsel, I have ruled. In the first place, it is a collateral matter and in the second place, if the re-issue rights of a picture were sold we do not know whether it was comparable to the picture in issue. It does not mean anything to the Court.

\* \* \* \* \*

Q. After you purchased the re-issue rights to the motion picture Safety Last, were you able to sell it to one single exhibitor in the United States?

\* \* \* \* \*



The Court: Objection sustained.

Mr. Abeles: Mr. Lloyd testified that that picture had very valuable re-issue rights.

The Court: The picture involved is the only one we are interested in." (Tr. pp. 428-430)

(Such rights were purchased by the witness at the time of the release of plaintiff's picture "Movie Crazy", when Lloyd was at the height of his popularity.)

The Court had previously permitted plaintiff's witness Bentel to testify, over defendants' objections (Tr. pp. 198-202), to the amounts he had read or heard that such rights to motion pictures based upon famous stage plays and stories, had been sold for (Tr. p. 206). Likewise, although the Court excluded Hirleman's testimony that he had only paid \$3,500 for the re-issue rights to a Lloyd picture, and could not get a single exhibitor to take it, plaintiff's counsel, over defendants' objections (Tr. p. 442), interrogated the same witness as to the payments made by him for such rights to motion pictures based upon famous stage plays and stories (Tr. pp. 442, 443).

### III.

#### Statement of the Case.

*Defendants*  
(a) ~~Plaintiff's~~ witness Hirleman testified, that the deletion of the "gags" and "stage business" of the magician's coat comedy routine would not affect plaintiff's picture, because it was not a part of the general theme and was only tied in as comedy accretion (Tr. pp. 447, 448). The Court likewise developed this upon its examination of Lloyd:

"The Court: I know. But it was no part of the general theme?

The Witness: It was to the extent it was woven into the plot in that it more or less made his chances of success much less.

The Court: I know. But that sequence was

brought in when this girl, by mistake, used the other side of an invitation.

The Witness: That is correct.

The Court: So that it was cut into the picture through that.

The Witness: That is the way he was brought into the party, yes.

The Court: That was the way that was brought in.

The Witness: That is used because that is a basic comedy idea of a man getting into a place by mistake. We consider that the more a man is laboring under a misapprehension in getting into some place where he does not belong, that it puts him into a unique comedy situation.

The Court: Of course, there isn't anything new about that.

The Witness: No, I am not claiming anything new about it. The new part was that the rebuff was on one side and the invitation was on the other, and he looked at the wrong side. That was the unique part, getting him into the situation.

The Court: There would not be anything new about a person misunderstanding an invitation, that is, that particular fact.

The Witness: That, of course, is not the point I am trying to bring out.

The Court: That was simply a means of transition from your general theme of breaking into the movies.

The Witness: That is right; that is right. It was just a means of getting him in there by mistake.

The Court: That was the medium used there. The comedy scene that was inserted and the mistake in that invitation part was simply the means of transition." (Tr. pp. 142, 143)

The Court had recognized that it was not the outstanding sequence of plaintiff's picture:

"The Court: In my opinion, just looking at the picture, I think your fight down there in that vessel

was the outstanding sequence of that picture.” (Tr. p. 141)

The Court had said that the question was if it “could have been withdrawn and another sequence inserted therein and the same general theme of *Movie Crazy* could be reproduced” (Tr. p. 139). The Court subsequently recognized, that as this sequence was not a part of the general theme, it could be deleted without affecting the picture:

“The Court: And I have been asking questions, I want to say frankly, because I feel that this is a part of the whole that could be lifted out and I am trying to get that approach.” (Tr. p. 141)

(b) While it was never contended that the individual “gags” or “stage business” in this comedy routine were copyrightable, the Court acquiesced in plaintiff’s untenable contention, that the particular combination or sequence of these “gags” or “stage business” was the subject of copyright protection, and judgment was rendered on that basis.

Lloyd conceded it was a sequence of “gags”:

“Q. So that each of those pieces—those are really what you call ‘pieces of business’, Mr. Lloyd, pieces of comedy business?

A. They are gags within a comedy scene and those comedy scenes make up the whole sequence.

Q. Oh, each one considered separately, then, you define as a gag?

A. The actual happening is the gag, the little—  
Mr. Knupp: I think that is all.” (Tr. p. 137)

However plaintiff’s counsel contended that the particular combination of “gags” and sequence of action, constituted an original copyrightable work (Testimony of defendant Clyde Bruckman):

“Q. By Mr. Fendler: And the particular combination of gags with the particular sequence of action

as finally depicted on the screen of Movie Crazy was original, was it not?

The Court: As far as you know?

A. As far as I know, yes." (Tr. p. 95)

In which the Court concurred (Testimony of Felix Adler):

"The Court: Did you ever see that combination of gags, you might call it, or events that transpired in that sequence?

The Witness: Not that particular sequence.

The Court: No." (Tr. p. 334)

The Court found that such "consecutive scenes constituting the so-called 'magician's coat sequence'" were copied and misappropriated by defendants (Finding VII, Tr. p. 34).

(c) The Court ruled that the price received for such rights to another picture could have no bearing upon the value of such rights to plaintiff's picture, and was inadmissible (Tr. pp. 108, 109, 377, 378, 444, 445, 457); the following for example:

"The Court: Counsel, what another picture sold for in my opinion is not admissible. \* \* \* One may have been sold for a large sum of money but whether it is comparable to another picture is a different question altogether." (Tr. pp. 377, 378)

"I have expressed myself several times with reference to this matter. It has no weight with me, because what one picture might bring is no indication of what another picture might produce." (Tr. p. 444)

In view of this ruling, there was no basis, factual or otherwise, for the opinion of any of plaintiff's witnesses as to the value of such rights to pictures of this nature

which, as the Court said, "have been out for ten years and have been in cold storage since then" (Tr. p. 303). The Court said that none of plaintiff's witnesses were qualified to evaluate such rights (Tr. pp. 303, 371) but was of the opinion that Lloyd, as an officer of plaintiff, "just like an owner of a piece of property could testify, whether he has any qualifications for it or not, as to what its value is. He could probably answer that very quickly" (Tr. p. 101), and that the mere testimony of Lloyd as to his opinion of such value, unsupported by any facts, established a market value. "I think you go far enough with this witness when he testifies that they have a market value" (Tr. p. 107), although Lloyd conceded that he had no experience in that end of the business and was not qualified to evaluate such rights (Tr. p. 369). The Court's determination that such rights to plaintiff's picture had a substantial value, was based solely upon this testimony which the Court said established that there is a market for such old films (Tr. p. 521), although all of plaintiff's witnesses conceded that no picture had ever been re-made and only one re-issued, of this nature:

"It has been brought out in the evidence in this case that the film, after it has had its run is virtually placed in cold storage and becomes a part of the stock pile for use again at some other date either by the owner or somebody to whom the owner sells the right to that picture. The evidence also discloses that there is an open market for films that have been successfully displayed. The fact that you can pick up almost any newspaper and in looking through the ads covering pictures that are on display you will find several that are indicated to be re-makes or re-issues." (Opinion, Tr. p. 521)

The Court assessed damages upon the erroneous theory, that if it did not feel the share of defendants' profits due to the infringement were sufficient to compensate plaintiff,



it could add such arbitrary amount as it might deem proper:

“The Court: The general rule of damages is that somebody picks something out of thin air, as a rule, when you leave it to a jury.” (Tr. p. 244)

“I realize that counsel argues that is a speculative question. \* \* \* It is the same thing as a personal injury case. A man may be seriously injured but nobody knows exactly how much he is entitled to receive for his injuries. That is left as a general rule to the good judgment of a jury. They reach out and pick some figure out of the sky and that is the damages and that is all there is to it.” (Tr. p. 480)

“But it is my understanding of the law that if the profits are not sufficient to compensate the plaintiff for his damages, the Court can add such an amount as to compensate him. In other words, if the plaintiff in this case is entitled to recover that recovery is not limited to the profits.” (Tr. p. 479)

“The Court: It may be where that figure (defendants’ profits) is produced in the Court’s mind it will be sufficient, an adequate amount. On the other hand, if the Court should feel it is not the Court will add such an amount to it in the form of damages as it thinks proper.” (Tr. p. 380)

“The Court: I have taken the position, either rightly or wrongly, that if this picture before the infringement had a value and then after the infringement it had no value, the difference would be the actual damages suffered by Mr. Lloyd, which is the common rule of arriving at damages. Now, if Mr. Lloyd is entitled to recover, I feel that \$4,000 would be insufficient compensation.” (Tr. pp. 486, 487)

“The Court: Under Section 25 of the Copyright Act the Court has considerable discretion in those matters. It says as the Court may consider just.” (Tr. p. 83)

The Court was led to make this erroneous construction of Section 25 (that the Court can in its discretion,

make an arbitrary award under the "in lieu of" provision of that section of "such damages as to the Court shall appear to be just", although actual profits are proven) by plaintiff's counsel's argument:

"But we certainly take the position that the plaintiff is entitled to both damages and profits, or, under the authorities, if the Court is of the opinion that under all the circumstances of the case the discretion of the Court should be exercised as to the amount, then statutory damages are proper." (Tr. pp. 168, 169)

"A further matter which has been raised by counsel, which I think could probably be determined by the Ninth Circuit Court of Appeals and perhaps should be, counsel contend that if there are any damages or if there are any profits, that the Court has no discretion to apply the 'in lieu' clause. We take the opposite view." (Tr. p. 248)

However, the Court said at the time of the rendition of its opinion:

"The Court: There are many points that have been brought up and discussed in this case and frankly I haven't too much confidence in my position." (Tr. p. 509)

It having been stipulated that the profits of defendants' picture were \$20,517.28 (Tr. pp. 474-477) the Court found 20 per cent (\$4,103.45) as a reasonable apportionment (following *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 84 Law. Ed. 825, 60 Sup. Ct. 681, in which the Court said this percentage represented the proper apportionment for the entire screen play). In the instant case the Court made no allowance for the fact, as said by the Court "that the part claimed to be infringed upon is only a sequence" (Tr. p. 84). "This sequence was only a part of that picture. There were many other things that went into the making up of that picture" (Tr. p. 473) and it was not the "outstanding sequence"

of the picture (Tr. p. 141). The Court said that it could not accept the figure at which Lloyd "estimated his damages" and "I am not impressed with the claim that the value of the picture has been completely destroyed". The Court having determined that "the profits are not sufficient to compensate the plaintiff", proceeded to "award such an amount to it in the form of damages as it thinks proper" (Tr. pp. 380, 479), without any basis of valuation or computation. While the Court said that the rule of the *Sheldon* case should apply (an award of 20% of defendant's profits) and that it was not the Court's function "to penalize the defendants", the Court nevertheless arbitrarily fixed plaintiff's recovery in the sum of \$40,000 instead of \$4,103.45, upon the mere statement:

"It is my function to try to ascertain an amount that I believe is the actual damage suffered and in arriving at actual damages I base them upon what in my opinion is the lessened value of that copyright. In other words, I believe that in a case of this character the only way that actual damages could be established would be to determine the lessened value of the picture by reason of the infringement. There may be other ways, but that is the method that I have followed in this case. I find and fix the actual damages suffered by Mr. Lloyd in the sum of \$40,000.00, and the additional sum of \$10,000.00 as counsel fee." (Tr. pp. 522, 523)

(d) The Court fixed such damages in the sum of \$40,000 upon the erroneous finding, that defendant Universal "continued to release and distribute and cause to be exhibited to the general public throughout the United States, said motion picture entitled 'So's Your Uncle', with notice and knowledge of plaintiff's rights in the premises and of the continuing infringement upon plaintiff's copyrights and said defendants will continue to infringe upon plaintiff's copyright and upon its motion picture photoplay 'Movie Crazy' unless permanently restrained and enjoined from so doing by order of this Court" (Find. XI, Tr. p. 36); although plaintiff had stip-

ulated that the exhibition of defendants' picture had been stopped upon the receipt of plaintiff's notice of the alleged infringement (Tr. p. 452).

(e) The Court said as to the prior use of the same alleged infringing material in the Columbia picture:

"Expert testimony as to whether it had any effect upon its value will have, as I stated before, very little weight with me because I cannot help but feel every time a sequence is used it simply increases the damages to the Lloyd picture. To argue to me to the contrary is just wasting your time." (Tr. p. 412)

"The Court: I have made myself clear that I feel a showing of that sequence cannot help but cause damage to the original story. To what extent it is damaged is a matter of judgment and unfortunately somebody who does not know anything about the industry has to make that decision." (Tr. p. 466)

"The extent of the showing of that film, it seems to me, would have a tendency to lessen Lloyd's claim against the defendants on that issue." (Tr. p. 345)

(The Columbia picture was exhibited in 7,065 theatres and defendants' picture in only 6,636 theatres [Tr. pp. 90, 391], while an outstanding "A" picture is frequently exhibited in fourteen to fifteen thousand theatres [Tr. p. 260].)

The Court likewise said in its opinion "However, I do feel that the Columbia short has minimized the actual damage suffered by Mr. Lloyd" (Tr. p. 521), yet the Court made no calculation of the damage done by the Columbia picture, in fixing the damage done by defendants' picture in the sum of \$40,000.

#### IV.

#### Specification of Errors.

Defendant Universal hereby specifies the following errors upon which it relies for a reversal of the judgment entered in the Court below:

1. The District Court erred in the admission of the testimony of plaintiff's witnesses, as to their opinion of the value of the re-issue and re-make rights of plaintiff's motion picture "Movie Crazy" before and after the release of defendants' motion picture "So's Your Uncle", upon the grounds urged at the trial by objections and motions to strike (Lloyd Tr. pp. 100, 102, 104, 105, 138, 140, 490, 492, 493, 27, 524; Bentel Tr. pp. 198, 202, 490, 492, 493, 27, 524; Landau Tr. pp. 256, 257, 490, 492, 493, 27, 524; Botsford Tr. pp. 457, 460, 462, 490, 492, 493, 27, 524), that such testimony was incompetent, irrelevant and immaterial, that this was not the proper method of proof, that the witnesses were not qualified to give such testimony, that such estimates were merely the speculations, conjectures, guesswork and fiction of the imagination of the witnesses without any facts upon which an opinion could be based, that such alleged damage was not ascertainable or susceptible of proof, and that it was not established that plaintiff suffered any damage.

2. The District Court erred in the rejection of testimony of plaintiff's president, Harold Lloyd, upon examination by defendant's counsel, offered to establish that in the defense of a prior action instituted against plaintiff for infringement in the use by plaintiff of the same type of material in the same type of picture, he had testified that all of plaintiff's pictures consisted of only a secondary story and situation comedy comprising "gags" and "stage business" specially written for the individual personality of the star, as distinguished from pictures based upon famous stage plays and novels, such testimony having been rejected upon the ruling that defendant's counsel having called the witness he could not impeach him (Tr. pp. 365, 366); upon the ground that the witness being an officer of an adverse party he could be called and impeached by defendant, assuming that this meant the impeachment of the witness rather than the eliciting of material facts.



3. The District Court erred in the rejection of testimony of the witness George A. Hirliman, upon examination by defendant's counsel, offered to establish that he had purchased the re-issue rights to one of plaintiff's best known and most successful pictures "Safety Last" for only \$3,500, and that not one exhibitor would take the picture because there was no demand for the re-issue or re-make rights of any picture of this nature, as distinguished from a picture based upon a famous stage play or novel (Tr. pp. 428-430, 460) and thereby refute the prior testimony of plaintiff's president, Harold Lloyd, that such rights had never been sold, licensed or disposed of to any of his pictures and that such rights to both "Movie Crazy" and "Safety Last" were very valuable (Tr. pp. 352-354), such testimony having been rejected upon the ruling that "it is a collateral matter" and "does not mean anything to the Court" (Tr. p. 430); upon the ground that such testimony was properly offered to establish such facts.

4. The District Court erred in finding (Finding VII, Tr. p. 34) that defendant Universal Pictures Co., Inc. and Jean Yarbrough, the producer of its motion picture entitled "So's Your Uncle", were informed and had knowledge that the material in the magician's coat comedy routine in defendant's said picture was copied and misappropriated in its said motion picture from plaintiff's motion picture entitled "Movie Crazy"; that the alleged similarity in the material consisted of more than six "gags" or pieces of "stage business"; that the entire magician's coat comedy routine in defendant's picture represented more than 6 minutes and 1 second of the running time of 63 minutes and 21 seconds of defendant's picture; that the entire magician's coat comedy routine in plaintiff's picture represented more than 11 minutes and 14 seconds of the running time of 65 minutes and 40 seconds of plaintiff's picture, and that the characters, characterization, motivation, treatment, action and sequence of action in defendant's said motion picture were

copied, misappropriated or plagiarized by them from a portion of plaintiff's said motion picture, upon the grounds:

- (a) The alleged infringing material comprises merely "gags" and "stage business", having no dramatic quality and being incapable of copyright protection.
- (b) Considered independently of the story, as a subordinate sequence of events, they are incapable of copyright monopoly.
- (c) They are not an integral part of the general theme, story or plot of plaintiff's work, and being merely comedy accretion to the story and having no functional relationship to its development, are not the subject of copyright protection.
- (d) They are not a structural sequence of plaintiff's story and having no story structure, they are not dramatic works under the purview of the copyright statute.
- (e) Plaintiff's copyright does not cover any particular sequence or combination of "gags" or "stage business".
- (f) They are readily derivable from the public domain, and not subject to copyright protection.
- (g) The theme and story of the two works are radically dissimilar in plot, action, treatment, development and characterization.

5. The District Court erred in finding (Finding VIII, Tr. p. 35) that the exhibition of defendant's motion picture entitled "So's Your Uncle", was in violation of plaintiff's exclusive rights in its copyright upon its motion picture entitled "Movie Crazy", and without permission or license from plaintiff so to do, and with knowledge and notice of plaintiff's rights, and that defendant Universal Pictures Company, Inc. was informed

and had knowledge that it was infringing upon plaintiff's copyright and could have reasonably foreseen said alleged infringements; upon the grounds:

- (a) The same grounds as set forth in subdivisions (a) to (g) inclusive of specification "4".
- (b) In view of the nature of such alleged infringing material, and plaintiff not having exercised any rights to its said motion picture (produced from 1930 to 1932) for a period of ten years, and plaintiff having failed to notify defendant of its alleged claim for a period of over fifteen months after the general release of defendant's said motion picture in the United States, and plaintiff's president Harold Lloyd having admitted that plaintiff had knowledge of the alleged infringement some time prior to the giving of said notice, and plaintiff having failed to prove when knowledge was obtained or excuse such delay, and plaintiff having stipulated that defendant stopped the exhibition of its said motion picture upon the receipt of said notice; defendant Universal Pictures Company, Inc. had the right to assume that plaintiff had abandoned such alleged rights and had consented, acquiesced in and agreed to the use of such material by both Columbia and said defendant, whereby plaintiff is now estopped from asserting said alleged claims against said defendant; and said defendant has shown that it was not aware that it was infringing a copyrighted work, and such alleged infringement could not reasonably have been foreseen.

6. The District Court erred in finding (Findings IX, X, Tr. pp. 35, 36) that plaintiff's rights to re-issue and re-make its said motion picture were damaged and impaired by reason of said alleged infringing acts of de-

fendant Universal Pictures Company, Inc., in the sum of \$40,000 or any part thereof; upon the grounds:

- (a) There was no proof of any damages sustained by plaintiff.
- (b) Plaintiff's alleged damages being incapable of ascertainment and not susceptible of proof, were not the subject of recovery.
- (c) The Court's assessment of damages in said sum being concededly based upon mere speculation and conjecture, and the record being devoid of any facts from which the alleged loss or its amount could be lawfully or rationally inferred, cannot be sustained.
- (d) The speculations and conjectures of plaintiff's president and alleged experts, of the profits that might have been made if plaintiff's picture had ever been re-issued or re-made, without any basis of facts upon which their opinions could be based, cannot support the Court's award of damages.
- (e) While an award of damages may be based upon the lost profits of an established business where it can be determined with reasonable certainty by competent proof what the amount of loss actually was, there can be no recovery of profits of a new and untried venture, because there is no provable data of past business from which the fact that anticipated returns would have been realized can be legally determined.
- (f) The basis of the Court's determination was that the evidence disclosed there is an open market for such rights, while on the contrary the evidence established that there was no open market or market value for such rights to plaintiff's motion picture.
- (g) The unrefuted evidence established that (1) plaintiff had never re-issued or re-made any of its mo-

tion pictures (2) the re-issue or re-make rights had never been sold, licensed or disposed of to any of plaintiff's pictures, except that the re-issue rights were disposed of to its motion picture "Safety Last" for the sum of \$3,500, and no exhibitor would take the picture because there was no demand for old pictures of this nature, and (3) in the entire history of the industry no picture of this nature had ever been re-made, and only one picture had ever been re-issued.

- (h) The Court made such award upon the erroneous assumption that if it felt the share of defendant's profits due to the infringement were insufficient to compensate plaintiff, it could add such arbitrary amount as it might deem proper, without any factual basis of support.
- (i) The Court erroneously construed Section 25 of the Copyright Act, in holding that it could in its discretion make an arbitrary award under the "in lieu of" provision of that Section, "of such damages as to the Court shall appear to be just", without any factual basis and although actual profits were proven.
- (j) The Court's award was made upon the erroneous assumption, that the "general rule of damages is that somebody picks something out of thin air" and "you reach out and pick some figure out of the sky and that is the damages and that is all there is to it."
- (k) The Court should not have made any award to plaintiff, but if such award were made it should have been limited either to the share of defendant's profits due to the infringement, or \$5,000.
- (l) The award in such amount was made upon the erroneous finding (Finding XI, Tr. p. 36) that defendant continued to release and distribute and cause to be exhibited, its said motion picture



throughout the United States, after notice of plaintiff's alleged claim.

- (m) The Court having determined that the damage done by defendant's picture or the Columbia picture entitled "Loco Boy Makes Good", depended entirely upon the extent of the showing of each of said pictures, and the evidence having established that the Columbia picture was exhibited (from the date of its release in 1942 to the date of trial) in more theatres throughout the United States than defendant's picture, there could be no basis for any award of damage done by defendant's picture.

7. The District Court erred in finding (Finding XI, Tr. p. 36) that defendant continued to release and distribute and caused to be exhibited its said motion picture to the general public throughout the United States, after notice of plaintiff's alleged claim, although plaintiff stipulated that such acts were discontinued upon the receipt of notice of plaintiff's alleged claim.

8. The District Court erred in finding (Finding XII, Tr. p. 36) that the profits of defendant Universal Pictures Company, Inc. from its said motion picture exceeds the sum of \$20,500, although plaintiff stipulated that the total amount of such profits was in the sum of \$20,517.28, and in finding that the share of such profits due to the infringement was 20% or \$4,100, instead of only the proportionate part of 20% thereof that such alleged infringing material bore to all of the material in plaintiff's said motion picture.

9. The District Court erred in finding (Finding XIV, Tr. p. 37) that plaintiff should be awarded \$10,000 as attorney's fees; upon the ground that in view of the unsound theories of law advanced by plaintiff, which misled the Court and induced it to make its erroneous determination and award of damages, no award of attorney's fees should be made to plaintiff.

10. The District Court erred in concluding (Conclusion I, Tr. p. 37) that defendant Universal Pictures Company, Inc. infringed upon the copyright on plaintiff's motion picture entitled "Movie Crazy", and that such alleged infringement was knowingly, wilfully and deliberately perpetrated; upon the grounds set forth in the specification of errors "1" to "8" inclusive to the findings of fact.

11. The District Court erred in concluding (Conclusion II, Tr. pp. 37, 38) that plaintiff is entitled to an injunction; upon the grounds set forth in the specifications of errors "1" to "8" inclusive to the findings of fact.

12. The District Court erred in concluding (Conclusion III, Tr. p. 39) that plaintiff is entitled to judgment against defendant Universal Pictures Company, Inc. in the sum of \$40,000 or any part of said sum; upon the grounds set forth in the specifications of errors "1" to "8" inclusive to the findings of fact.

13. The District Court erred in concluding (Conclusion IV, Tr. p. 39), that plaintiff is not entitled to an award of profits; upon the ground that if plaintiff is entitled to any recovery, such recovery should be limited to the share of defendant's profits due to the alleged infringement.

14. The District Court erred in concluding (Conclusion V, Tr. p. 39) that plaintiff is entitled to recover costs, and as part of its costs the sum of \$10,000 attorney's fees; upon the grounds set forth in the specification of error "9" to the findings of fact.

15. The District Court erred in concluding (Conclusion VI, Tr. p. 39) that plaintiff is entitled to recover judgment against defendant Universal Pictures Company, Inc. for plaintiff's costs and disbursements including said sum of \$10,000 attorney's fees; upon the grounds set forth in the specification of error "9" to the findings of fact.

## ARGUMENT

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### I.

**To constitute an infringement there must be an appropriation of a substantial and material part of copy-rightable material.**

*Twentieth Century-Fox Film Corp. v. Stonesifer*, 140 Fed. (2d) 579, 582 (Cir. Ct. 9th Cir.).

*Eggers v. Sun Sales Corporation*, 263 Fed. 373, 374 (Cir. Ct., 2d Cir.).

*Dymow v. Bolton*, 11 Fed. (2d) 690, 691 (Cir. Ct., 2d Cir.).

*Oxford Book Co., Inc. v. College Entrance Book Co., Inc.*, 98 Fed. (2d) 688, 692 (Cir. Ct., 2d Cir.).

*MacDonald v. Du Maurier*, 144 Fed. (2d) 696, 699, 700 (Cir. Ct., 2d Cir.).

*Chamberlin v. Uris Sales Corporation*, 150 Fed. (2d) 512, 513 (Cir. Ct., 2d Cir.).

*Becker v. Loew's, Inc.*, 133 Fed. (2d) 889, 892 (Cir. Ct., 2d Cir.) (cert. den. 319 U. S. 772, 320 U. S. 811).

*Roe-Lawton v. Hall E. Roach Studios*, 18 Fed. (2d) 126, 727.

*Alexander v. Theatre Guild, Inc.*, 26 Fed. (2d) 741, 742, aff'd 26 Fed. (2d) 742.

*Lowenfels v. Nathan*, 2 Fed. Supp. 73, 80.

### II.

**“Gags” and “stage business” having no dramatic quality are incapable of copyright protection.**

Copyright Act, Section 1(d) of the Act of March 4, 1909, Ch. 320, 35 Stat. 1075 (17 U. S. C. A., Sec. 1(d)) provides in part:

“To perform or represent the copyrighted work publicly if it be a drama or, if it be a dramatic

work and not reproduced in copies for sale, to vend any manuscript or any record whatsoever thereof; \* \* \*."

Sec. 201.4, sub (b) (4), Title 17, foll. Sec. 53 U. S. C. A., 37 Code of Fed. Reg. Ch. 11 as amend., Rules and Regulations for the Registration of Claims of Copyright, provides in part:

"The designation 'dramatic composition' does not include the following: \* \* \* 'stage business' \* \* \* sleight-of-hand performances \* \* \*."

Corpus Juris, Vol. 13, Copyright and Literary Material, Sec. 108, p. 1026:

"It has been said that, in order for a composition to constitute a 'dramatic composition' within the meaning of that term as used in the copyright law, it is necessary that it should tell some story. Therefore there can be no dramatic copyright in a mere stage dance; in the voice, motion, and postures of the actors; in mere stage business, or 'gags;' \* \* \*'" (citing *Chappell v. Fields*, 210 Fed. 864; *Tate v. Fullbrook* [1908], 1 K. B. 821; *Karno v. Pathe Freres*, [1908], 99 L. T. Rep. N. S. 114, appeal dismissed 100 L. T. Rep. N. S. 260).

*The Law of Motion Pictures and the Theatre*, by Frohlich and Schwartz (1918), p. 536:

"Generally speaking, stage business, gags, \* \* \* are not copyrightable." (citing *Chappell v. Fields*, 210 Fed. 864; *Barnes v. Mines*, 122 Fed. 480; *Tate v. Fullbrook* [1908], 1 K. B. 821; *Karno v. Pathe Freres* [1908], 99 L. T. Rep. N. S. 114.)

In *Chappell & Co. v. Fields*, *supra*, the Court said, p. 865:

"\* \* \* the voice, motions, and postures of actors and mere stage business may be imitated because they

have no literary quality and cannot be copyrighted (Bloom v. Nixon [C. C.], 125 Fed. 977; Savage v. Hoffman [C. C.], 159 Fed. 584).''

*Tate v. Fullbrook* [1908], 1 K. B. 821, 822, 830, 833: (Appen., p. 1).

In *Karno v. Pathe Freres* [1908], 99 L. T. Rep. N. S. 114, 117, the Court said, citing and following *Tate v. Fullbrook*, *supra*, that as a vaudeville sketch comprising stage business and "gags" with no sustained dialogue, was not a dramatic work it could not be infringed, although the Court found that one was copied in all essential particulars from the other (Appen., p. 2).

In *Greenwood v. First National*, Copyright Office Bull. No. 20 (1926), 277, 278, the Court said:

"Adverting to the similarity, it is in general rather than of particular, and is to be found in some part of plot, moral, characters and stage 'business' and all of which are old as the drama, common as family life, well known as the nature and failings of humanity, and of prior publication in sundry books. In none of them is any novelty or originality—none of that striking originality which reappearing in a subsequent work may serve to create the *prima facie* case and shift the burden for which plaintiff here contends. Moreover, all of them are 'stock' in the highest degree, of public domain and common property, most simple and primitive (not to say crude) in concept and execution."

*Glazer v. Hoffman*, 153 Fla. 809, 812, 813 (16 So. (2d) 53) [1943]: (Appen., p. 3).

**A. The "gags" and "stage business" comprising the so-called "magician's coat sequence", considered independently from the story as a subordinate sequence of events, are incapable of copyright monopoly.**

The decision of this Court in *Harold Lloyd Corporation v. Witwer*, 65 Fed. (2d) 1, 20, 22, 24, 27, is peculiarly applicable, this Court saying: (Appen., p. 4).



*Rush v. Oursler*, 39 Fed. (2d) 468, 473: (Appen., p. 6).

To the same effect:

*Lynch v. Warner Bros. Pictures, Inc.*, 32 Fed. Supp. 575, 577.

*Frankel v. Irwin*, 34 F. (2d) 142, 144.

*Eichel v. Marcin*, 241 Fed. 404, 409.

*Underhill v. Belasco*, 254 Fed. 838, 842.

*Echevarria v. Warner Bros. Pictures*, 12 Fed. Supp. 632, 635.

*Nichols v. Universal Pictures Corporation*, 45 Fed. (2d) 119, 121 (cert. den. 282 U. S. 902) (Cir. Ct., 2d Cir.).

**B. Plaintiff's copyright does not cover any particular sequence or combination of "gags" or "stage business".**

*Barnes v. Miner*, 122 Fed. 480, 490, 491:

"Can a person copyright a mere order of events in a play or spectacular representation, the representation being of different scenes and things? 'The copyright of a book describing a new system of stenography does not protect the system when considered simply as a system apart from the language by which it is explained so as to make the illustration by another of the same system in a different book, employing totally different language, an infringement.' "

To the same effect:

*Holmes v. Hurst*, 174 U. S. 82, 90, 43 Law Ed. 904, 19 Sup. Ct. 606.

*Colonial Book Co., Inc. v. Oxford Book Co., Inc.*, 45 Fed. Supp. 551, 553; aff'd. 135 Fed. (2d) 463 on opinion below.

**C. Each of such "gags" or pieces of "stage business" being merely a comedy accretion to the story, is not the subject of copyright protection.**

In *Caruthers v. R. K. O. Radio Pictures, Inc.*, 20 Fed. Supp. 906, 907, cited with approval by this Court in *Kustoff v. Chaplin*, 120 Fed. (2d) 551, the Court said:

"The exception to which I refer is the episode in 'The Sooners' of the little negro boy Percy, who, whilst fanning a dinner table to keep away flies, becomes so absorbed in the talk of the diners that by mistake he strikes one of the guests on the side of the head with his fan. This episode becomes to the narrator a mere memory of the faux pas of a little negro who was the son of a good cook. It has no functional relationship whatever to the development of the story of 'The Sooners.'"

\* \* \* \* \*

Even if the defendant had the episode of Isaiah and the cake suggested to it by the episode of Percy and the fan, it would not constitute any basis for a decree in the plaintiff's favor, for the episode of Percy is merely glanced at as a supposedly comic accretion to the story of the manuscript, and is not intrinsic to the development thereof."

**D. Having no story structure, they are not dramatic works under the purview of the copyright statute.**

In *Corcoran v. Montgomery Ward & Co., Inc.*, 121 Fed. (2d) 572, 574 (cert. den. 314 U. S. 687), this Court said:

"While the poem has action in plenty, it lacks in the form in which it was written certain of the qualities of a dramatic work, notably dialogue and a perceptible plot."

In *Seltzer v. Sunbrock*, 22 Fed. Supp. 621, 628, 629, the Court said to the same effect: (Appen., p. 7).

**E. A mere subsection of a plot is not susceptible of copyright.**

*Dymow v. Bolton*, 11 Fed. (2d) 690, 692 (Cir. Ct., 2d Cir.):

“If there was copying (which we do not believe), it was permissible, because this mere subsection of a plot was not susceptible of copyright.”

To the same effect:

*Nichols v. Universal Pictures Corporation*, 45 Fed. (2d) 119, 121 (cert. den. 282 U. S. 902) (Cir. Ct., 2d Cir.).

*Solomon v. R. K. O. Radio Pictures, Inc.*, 44 Fed. Supp. 780, 782.

### III.

**The Court's assessment of damages in the sum of \$40,000, being concededly based upon mere speculation and conjecture, and the record being devoid of any facts from which the alleged loss or its amount could lawfully or rationally be inferred, cannot be sustained.**

The settled rule of law was enunciated by this Court in *Union Oil Co. of California v. Hunt*, 111 Fed. (2d) 269, 277:

“It is said in the article on ‘Damages,’ in American Jurisprudence:

‘The damages recoverable in any case must be susceptible of ascertainment with a reasonable degree of certainty, or, as the rule is sometimes stated, must be certain both in their nature and in respect of the cause from which they proceed.’ 15 Am. Jur. § 20, page 410.”

In *Horlick's Malted Milk Corporation v. Horluck's, Inc.*, 59 Fed. (2d) 13, 17, this Court approved the fol-

lowing quotation from *Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509 (cert. den. 273 U. S. 706):

“The case is peculiarly one where such damage as has occurred, like that which is still in prospect, is incapable of computation. We see no reasonable probability that any substantial damages could be proved and reduced to dollars and cents with that degree of accuracy that is essential in such a case.”

Likewise, in *Electrical Research Products, Inc. v. Gross*, 125 Fed. (2d) 912, 913, this Court cited the following cases in support of its determination, that the “proof did not measure up to the requirement of the rule of damages”:

(1) *Montgomery v. Chicago, B. & Q. R. Co.*, 228 Fed. 616, wherein the Court said at page 620:

“In *Central Coal & Coke Co. v. Hartman*, 111 Fed. 96, 49 C. C. A. 244, this court held that the loss of profits from the destruction or interruption of an established business may be recovered where the plaintiff makes it reasonably certain by competent proof what the amount of his loss actually was, but that the actual damages which will sustain a judgment must be established, not by conjectures or unwarranted estimates of witnesses, but by facts from which their existence is logically and legally inferable. The speculations, guesses, estimates of witnesses, form no better basis of recovery than the speculations of the jury themselves.”

(2) *Broadway Photoplay Company v. World Film Corporation*, 225 N. Y. 104, 107, 110 (121 N. E. 756), in which damages were awarded upon an approximation of the returns that plaintiff would have received from certain motion pictures to be exhibited in its theatre, based upon its returns from other motion pictures in the same theatre, wherein the late Judge Cardozo said: (Appen., p. 8).

In *Bernstein v. Meech*, 130 N. Y. 354, 359 (29 N. E. 255), cited and followed in *Broadway Photoplay Company v. World Film Corporation*, *supra*, in which plaintiff sought to recover prospective profits of a theatrical engagement, the New York Court of Appeals had previously said to the same effect:

“The results which would in that respect have been produced if the company had been permitted to perform the contract were speculative, and by no probative means ascertainable. It is contended on the part of the defendants that recovery could be founded on no other basis, and therefore the plaintiff could recover nominal damages only. The value of the contract to the plaintiff was in the profits, and in the amount of them which may have been realized over his expenses attending its performance. Those profits not being susceptible of proof, were not the subject of recovery.”

In *Cutting v. Miner*, 30 App. Div. 457, 459, 460 (52 N. Y. Supp. 288), in which damages were awarded upon an approximation of the returns that plaintiff would have received from a stage play, based upon prior receipts of other plays in the same theatre, the Court said in citing and following *Bernstein v. Meech*, *supra*: (Appen., p. 9).

In *Wooldridge v. Shea*, 186 App. Div. 705, 709 (175 N. Y. Supp. 130), in which damages were awarded upon an approximation of plaintiff's agreed share of the prospective gross receipts of a theatrical stock company of which plaintiff was the leading lady, based upon prior gross receipts in the same theatre of a theatrical stock company in which plaintiff was likewise the leading lady, the Court said in citing and following *Bernstein v. Meech*, *supra*: (Appen., p. 10).

In *Carnera v. Schmeling*, 236 App. Div. 460, 462 (260 N. Y. Supp. 82), in which plaintiff sought to recover his agreed share of the prospective gate receipts of a boxing



contest for the heavyweight championship, based upon the minimum gate receipts from other heavyweight championship boxing contests, the Court said in citing and following *Broadway Photoplay Company v. World Film Corporation*, *supra*, and *Bernstein v. Meech*, *supra*:

“So far as plaintiff’s proof with respect to his general damages is concerned, we are of opinion that he has failed to present facts from which it may be reasonably inferred that he has suffered damages in any reasonably ascertainable sum. Judicial notice of past profits that have heretofore accrued from boxing contests may not be taken, much less used, as a basis for estimating probable profits from future contests. Plaintiff’s proof tending to support the allegations of his complaint to the effect that he sustained damages in the amount of \$100,000 is wholly speculative and incapable of reasonable ascertainment. (*Bernstein v. Meech*, 130 N. Y. 354; *Broadway Photoplay Co. v. World Film Corp.*, 225 *id.* 107.)”

In *K. & R. Film Company, Inc. v. Brady*, 104 Misc. 667, 669, 671 (172 N. Y. Supp. 268), *aff’d* 188 App. Div. 913 (175 N. Y. Supp. 908), in which plaintiff sought to recover prospective profits of a motion picture, based upon prior receipts of the same motion picture, the late Judge Lehman said, in citing and following *Bernstein v. Meech*, *supra*: (Appen., p. 11).

It is the settled rule of law in the State of California.

*County of Los Angeles v. Signal Realty Co.*, 86 Cal. App. 704, 708 (261 Pac. 536): (Appen., p. 12).

*Sanitation Dist. No. 2 v. Averill*, 8 Cal. App. (2d) 556, 564, 566 (47 Pac. (2d) 786): (Appen., p. 13).

This settled rule of law has been repeatedly enunciated in the decisions of the other Federal Courts.

In the leading case of *Central Coal & Coke Co. v. Hartman*, 111 Fed. 96, 98, 100, 102, the Court said: (Appen., p. 13).

*Seymour v. McCormick*, 57 U. S. 480, 489 (14 Law. Ed. 1024) (Patent infringement):

“Actual damages must be actually proved, and cannot be assumed as a legal inference from any facts which amount not to actual proof of the fact. What a patentee ‘would have made, if the infringer had not interfered with his rights,’ is a question of fact and not ‘a judgment of law.’ The question is not what speculatively he may have lost, but what actually he did lose.”

*Philip v. Nock*, 84 U. S. 460, 462 (21 Law. Ed. 679) (Patent infringement):

“The plaintiff must show his damages by evidence. They must not be left to conjecture by the jury. They must be proved, and not guessed at.”

*Dobson v. Hartford Carpet Company*, 114 U. S. 439, 444 (29 Law. Ed. 177, 5 Sup. Ct. 945) (Patent infringement):

“The burden is upon the plaintiff, and, if he fails to give the necessary evidence, but resorts, instead, to inference and conjecture and speculation, he must fail for want of proof. \* \* \* There is but one safe rule—to require the actual damages or profits to be established by trustworthy legal proof.”

*Cincinnati Siemens-Lungren Gas Illuminating Company v. Western Siemens-Lungren Company*, 152 U. S. 200, 204, 205 (38 Law Ed. 411, 14 Sup. Ct. 523) (Breach of contract involving a patent right):

“‘Actual damages must be actually proved, and cannot be assumed as a legal inference from any facts which amount not to actual proof of the fact. What a patentee ‘would have made, if the infringer had not interfered with his rights,’ is a question of fact and not ‘a judgment of law.’ The question is not what

speculatively he may have lost, but what actually he did lose.'

It is true that that was an action for an infringement, and this for a breach of a contract, but still the rule of damages is the same. Actual damages is what the law gave in case of an infringement, *Birdsall v. Coolidge*, 93 U. S. 64; actual damages is all the law gives in case of a breach of contract."

*Boston & Albany Railroad Company v. O'Reilly*, 158 U. S. 334, 336 (39 Law Ed. 1006, 15 Sup. Ct. 830) (Personal injuries): (Appen., p. 15).

*Keough v. Chicago & Northwestern Railway Company*, 260 U. S. 156, 164, 165 (67 Law Ed. 183, 43 Sup. Ct. 47) (Anti-trust action):

"Finally, not only does the injury complained of rest on hypothesis (compare *International Harvester Co. v. Kentucky*, 234 U. S. 216, 222-224); but the damages alleged are purely speculative. \* \* \* These damages must be proved by facts from which their existence is logically and legally inferable. They cannot be supplied by conjecture. To make proof of such facts would be impossible in the case before us."

*P. P. Mast & Co. v. Superior Drill Co.*, 154 Fed. 45, 49, 50 (Patent infringement): (Appen., p. 15).

*Auto Vacuum Freezer Co., Inc. v. William A. Sexton Co.*, 250 Fed. 459, 468 (Patent infringement): (Appen., p. 16).

To the same effect:

*Muther v. United Shoe Machinery Co.*, 21 Fed. (2d) 773, 776 (cert. den. 263 U. S. 703) (Patent infringement).

*Power Specialty Co. v. Connecticut Light & Power Co.*, 80 Fed. (2d) 874, 875 (Patent infringement).

**A. The speculations and conjectures of plaintiff's president and two alleged experts of the profits of plaintiff or some other motion picture producer might have made if it had ever re-issued or re-made plaintiff's motion picture, without any certain basis of facts, cannot support the Court's award of damages.**

*Rude v. Wescott*, 130 U. S. 152, 167 (32 Law. Ed. 888, 9 Sup. Ct. 463) (Patent infringement): (Appen., p. 17).

*Fried, Krupp Aktien-Gesellschaft v. Midvale Steel Co.*, 191 Fed. 588, 591 (cert. den. 223 U. S. 728) (Patent infringement):

"The absence of actual fact proof is not met by the presence of expert speculations no matter how voluminous."

*Chicago Life Ins. Co. v. Tiernan*, 263 Fed. 325, 339 (Breach of contract):

"The speculations and conjectures of witnesses, who know no facts from which a reasonably accurate estimate can be made, form no better basis for a judgment than the conjectures of a jury without facts."

*Wakeman v. The Wheeler & Wilson Manufacturing Co.*, 101 N. Y. 205, 217 (4 N. E. 264) (Breach of contract):

"We think the opinions of witnesses as to the value of the agreement, as to the profits which it or any agency established in pursuance of it could produce, as to the damages plaintiffs realized, and as to the number of machines they could have sold, were properly excluded. This was not a case for expert or opinion evidence. There was no certain basis of facts proved, or facts assumed upon which an opinion could be based. \* \* \* The safer rule in all such cases is to exclude opinions and receive the facts."

**B. While an award of damages may be based upon the lost profits of an established enterprise where it can be determined with reasonable certainty by competent proof what the amount of loss actually was, there can be no recovery of profits of a new and untried venture because there is no provable data of past business from which the fact that anticipated profits would have been realized can be legally determined.**

In *Atchison, T. & S. F. Ry. Co. v. California Sea Products Co.*, 51 Fed. (2d) 466, 468, 469, this Court applied the rule as set forth in the leading case of *Central Coal & Coke Co. v. Hartman*, 111 Fed. 96, 98, as follows: (Appen., p. 17).

There is uniformity of the authorities in the application of this settled rule of damages.

25 C. J. S., Damages, Sec. 42, p. 519:

“Where a new business or enterprise is floated and damages by way of profit are claimed for its interruption or prevention, they will be denied for the reason that such business is an adventure, as distinguished from an established business, and its profits are speculative and remote, existing only in anticipation.” Citing among other cases of various jurisdictions: U. S.—*Greenwood County v. Duke Power Co.*, 107 Fed. (2d) 484, cert. den. 309 U. S. 667 and *Hedrick v. Perry*, 102 Fed. (2d) 802; Cal.—*Forster v. Carouso*, 114 Cal. App. 303 and *Gibson v. Hercules Mfg. & Sales Co.*, 80 Cal. App. 689.

*Hedrick v. Perry*, *supra*, 806, 807: (Appen., p. 18).

*Gibson v. Hercules Mfg. & Sales Co.*, *supra*, 702-704 (252 Pac. 780): (Appen., p. 19).

*California Press Mfg. Co. v. Stafford Packing Company*, 192 Cal. 479, 485 (221 Pac. 345): (Appen., p. 21).

*Cramer v. Grand Rapids Show Case Co.*, 223 New York 63, 68, (119 N. E. 227): (Appen., p. 22).



In *Bigelow v. R. K. O. Radio Pictures, Inc.*, 90 Law. Ed. 579, 585, 586 (—U. S.—, October Term, 1945, February 25, 1946), the action was to recover damages under the Sherman and Clayton Acts, for the conspiracy of defendants in preventing plaintiffs from securing first run motion pictures for their established business of conducting a motion picture theatre. The Supreme Court said:

“In such a case, even where the defendant by his own wrong has prevented a more precise computation, the jury may not render a verdict based on speculation or guesswork. But the jury may make a just and reasonable estimate of the damage based on relevant data, and render its verdict accordingly. \* \* \*

\* \* \* \* \*

The evidence here was ample to support a just and reasonable inference that petitioners were damaged by respondents' action, whose unlawfulness the jury has found, and respondents do not challenge. The comparison of petitioners' receipts before and after respondents' unlawful action impinged on petitioners' business afforded a sufficient basis for the jury's computation of the damage, where the respondents' wrongful action had prevented petitioners from making any more precise proof of the amount of the damage.”

To the same effect:

*Greenwood County v. Duke Power Co.*, *supra*, 488.

*Lacy Mfg. Co. v. Gold Crown Co.*, 52 Cal. App. (2d) 568, 574 (126 Pac. [2d] 644).

*Gruppe v. Glick*, 26 Adv. Cal. 590, 160 Pac. (2d) 832, 840.

*Roseland v. Phister Mfg. Co.*, 125 Fed. (2d) 417, 420.

*Baush Mach. Tool Co. v. Aluminum Co. of America*, 79 Fed (2d) 217, 227.

*Ellerson v. Grove*, 44 Fed. (2d) 495, 499.

**C. The evidence did not establish any open market or market value for the re-issue or re-make rights to plaintiff's motion picture.**

*Muser v. Magone*, 155 U. S. 240, 249 (39 Law Ed. 135, 15 Supp. Ct. 77:

“In the matter of *Cliquot's Champagne*, Judge Hoffman defined the market value of goods to be ‘the price at which the owner of the goods, or the producer, holds them for sale; the price at which they are freely offered in the market to all the world; such prices as dealers in the goods are willing to receive, and purchasers are made to pay, when the goods are bought and sold in the ordinary course of trade;’ and the definition was approved by this court. *Cliquot's Champagne*, 3 Wall. 114, 125, 142.”

*Walter v. Duff*y, 287 Fed. 41, 45:

“We start, then, with the fact that we are here dealing with the existence of a market, and a market price evidenced by sales in such market; so that our first and basic inquiry is whether there actually was a market for the sale of this insurance stock. Now, market implies the existence of supply and demand, for without the existence of either factor no market value is shown. Standing alone, offers to sell, with no takers, or offers to buy, with no sellers, show no such concurring willing action of buyer and seller as is involved where a market is made by buyers and sellers who by their respective sales and purchases make a market price which the law takes as evidence of value.”

To the same effect.

*Sloan v. Baird*, 162 N. Y. 327, 330 (56 N. E. 752).

In *Iron City Toolworks, Ltd. v. Welisch*, 128 Fed. 693, 695, 697, the Court said:

“So, where there is no market price for an article, damages cannot be computed upon the belief of plain-

tiff, or other witnesses, whether more or less probable, that the commodity contracted for, and not delivered, could have been sold for a certain price. Such evidence has not the degree of certainty required by the law, and the hardship that may in particular cases accrue to individual plaintiffs by the exclusion of such testimony, must be weighed against the greater hardship and inconvenience that would result in the administration of justice from the admission of testimony of so vague and indefinite a character. \* \* \*

No facts are adduced in support of plaintiff's opinion. It is hard to imagine a case where profits could be more justly characterized as speculative and uncertain."

**D. Statutory damages may be awarded only when neither plaintiff's damages nor defendant's profits are susceptible of proof.**

Section 25(b) of the Act of March 4, 1909, Ch. 320, 35 Stat. 1081; August 24, 1912, Ch. 356, 37 Stat. 489 (17 U. S. C. A. Sec. 25 Copyright) provides in part:

"To pay to the copyright proprietor such damages as the copyright proprietor may have suffered due to the infringement, as well as all the profits which the infringer shall have made from such infringement, \* \* \* or in lieu of actual damages and profits such damages as to the court shall appear to be just, and in assessing such damages the court may, in its discretion, allow the amounts as hereinafter stated \* \* \*"

Such statutory damages can only be assessed in the absence of proof of actual profits and damages.

*Sheldon v. Metro-Goldwyn Corp.*, 309 U. S. 390, 399 (84 Law Ed. 825, 60 Sup. Ct. 681).

*Douglas v. Cunningham*, 294 U. S. 207, 209 (79 Law Ed. 862, 55 Sup. Ct. 365).

*Davilla v. Brunswick-Balke Collender Co.*, 94 Fed. (2d) 567, 568, 570 (cert. den. 304 U. S. 572: (Appen., p. 23).

*Jewell-La Salle Realty Company v. Buck*, 283 U. S. 202, 206, 207 (75 Law. Ed. 978, 51 Sup. Ct. 407).

*Sammons v. Colonial Press, Inc.*, 126 Fed. (2d) 341, 350.

*Washingtonian Publishing Co. v. Pearson*, 140 Fed. (2d) 465, 466.

The "in lieu" provision of Sec. 25 (b) of the Copyright Law is a substitute for the general damage provision of Sec. 70 of the Patent Law (R. S. Sec. 4921; March 3, 1897, Ch. 391, Sec. 6, 29 Stat. 694; Feb. 18, 1922, Ch. 58, Sec. 8, 42 Stat. 392) (35 U. S. Sec. 70): (Appen., p. 23).

*Widenski v. Shapiro, Bernstein & Co., Inc.*, 147 Fed. (2d) 909, 911, 912: (Appen., p. 24).

**E. The Federal Courts have recognized the impossibility of proving actual damages in an action of this nature.**

*Westermann Company v. Dispatch Printing Company*, 249 U. S. 100, 103, 104 (63 Law. Ed. 499, 39 Sup. Ct. 185):

"The record, while showing that the plaintiff was damaged by the infringing publications, does not show the amount of the damages, a matter which is explained by undisputed testimony to the effect that the damages could not be estimated or stated 'in dollars and cents, or in money.' On this point the Circuit Court of Appeals aptly said: 'The plaintiff's damages rested in the injury to his Morehouse contract, and in the discouragement of and the tendency to destroy his system of business. To make any accurate proof of actual damages was obviously impossible.' "

It was for this reason that Sec. 25 of the Copyright Law, *supra*, was adopted.

*Douglas v. Cunningham*, 294 U. S. 207, 208, 209 (79 Law Ed. 862, 55 Sup. Ct. 365):

“Testimony was presented with respect to the value of the story, but at the close of the trial the petitioners admitted inability to prove actual damages. \* \* \*

The pharaseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties, and to give the owner of a copyright some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits.”

*S. E. Hendricks Co., Inc. v. Thomas Pub. Co.*, 242 Fed. 37, 41: (Appen., p. 25).

Where, as in the instant case, plaintiff has made no effort to exploit his copyright, no possible loss, expressed in dollars and cents, can be proven.

*Sammons v. Colonial Press, Inc.*, 126 Fed. (2d) 341 (cited with approval by this Court in *Twentieth Century-Fox Film Corporation v. Stonesifer*, 140 Fed. (2d) 579), the Court said (pp. 344, 345):

“It is often difficult, for obvious reasons, to make satisfactory proof of such damages, and the plaintiffs did not attempt to do so in the case at bar.  
\* \* \*

Liability of an infringer for profits is thus not by way of rough and ready reparation to the plaintiff for the damages which he is presumed to have suffered from the infringement. \* \* \* Thus the latter may have made no effort to exploit his copyright, in which case it would be apparent that he had not been deprived of a gain he otherwise would have made but for the infringement.”



Likewise in *Dam v. Kirk La Shelle Co.*, 175 Fed. 902, cited and followed in *Sammons v. Colonial Press, Inc.*, *supra*, the Court said at page 908:

“It is manifestly impossible for an author of a book or story which he has never dramatized to show that he has sustained any actual damage by the dramatization and production of a play based upon it.”

**F. If it should be determined that the proof adduced by plaintiff established actual damage in any given sum, then the award should not exceed the sum of \$5,000.00.**

Sec. 25 (b) of the Copyright Act, *supra*, provides in part:

“and in the case of an infringement of a copyrighted dramatic or dramatico-musical work by a maker of motion pictures and his agencies for distribution thereof to exhibitors, where such infringer shows that he was not aware that he was infringing a copyrighted work, and that such infringement could not reasonably have been foreseen, the entire sum of such damages recoverable \* \* \* shall not exceed the sum of five thousand dollars \* \* \* nor shall the limitation as to the amount of recovery apply to infringements occurring after the actual notice to a defendant, either by service of process in a suit or other written notice served upon him.”

Defendant having established that it was not aware that it was infringing and that such infringement could not have been reasonably foreseen (Tr. pp. 235-238, 310-313, 316, 317, 321-326, 330-332, 335-340), and it having been stipulated that the exhibition of defendant's picture was stopped upon its receipt of notice (Tr. pp. 385-387), even assuming that plaintiff established actual damage such damages should not exceed the sum of \$5,000.

**G. The Court's award of damages upon the erroneous theory that plaintiff's president Lloyd, without any qualification or factual basis, could determine the market value of plaintiff's rights and estimate its damage, cannot stand.**

The Court said that Lloyd could "testify that 'I have been damaged so much', just like an owner of a piece of property could testify, whether he has any qualifications for it or not, as to what its value is", and that no other testimony was required to establish the returns that plaintiff might have received from the possible sale of such rights, or if plaintiff might itself re-issue or re-make its picture. "I think that you go far enough with this witness when he testifies that they have a market value, you might say, either a story to be sold to others or to re-make or re-vamp them and re-issue them" (Tr. pp. 107, 108).

*Johnson v. Levy*, 3 Cal. App. 591, 596 (86 Pac. 810):

"The evidence touching damages lacks every element of certainty. It consists solely of the guess or reasons for the guess. Both the direct and cross examinations of the plaintiff, and even this is not supported by data or particulars, demonstrate that he had no personal knowledge upon which to base an estimate, and the information derived from others was of the most general and indefinite character.

It is well settled that such evidence will not support a finding as to damages. (*Hayes v. Windsor*, 130 Cal. 235 (62 Pac. 395)."

To the same effect:

*Sussex Land & Live Stock Co. v. Midwest Refining Co.*, 276 Fed. 932, 944, aff'd 294 Fed. 597.

*D'Ole v. Kansas City Star Co.*, 94 Fed. 840, 841 (Copyright infringement).

*Central Coal & Coke Co. v. Hartman*, 111 Fed. 96, 98, 100, 102.

**H. Damages cannot be awarded as in a personal injury case.**

The Court said: "I realize that counsel argues that it is a speculative question. \* \* \* It is the same thing as a personal injury case. A man may be severely injured but nobody knows exactly how much he is entitled to recover for his injuries. That is left as a general rule to the good judgment of a jury. They reach out and pick some figure out of the sky and that is the damages and that is all there is to it." (Tr. p. 480)

In *American Sea Green Slate Co. v. O'Halloran*, 229 Fed. 77, 79, the Court said:

"To recover under the seventh section plaintiffs must show that, as a result of defendants' acts, actual damages were sustained—damages in some amount which is susceptible of expression in figures. These damages must be proved by facts from which their existence is logically and legally inferable—not by conjectures, or estimates. They must not be speculative, remote, or uncertain. As we understand the law, a jury may not merely guess that plaintiff lost \$1,000 or \$10,000 which they might have made, even if they feel reasonably sure that some loss was sustained. They cannot award damage as they do for pain or suffering in an action for personal injuries, or for reputation as they do in a libel suit."

**I. Plaintiff having failed to establish any actual damage, the award should be limited to that part of defendant's profits shown to be due to the infringement.**

*Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S. 390, 401 (Law Ed. 825, 60 Sup. Ct. 681).

*Twentieth Century-Fox Film Corporation v. Stonesifer*, 140 Fed. (2d) 579, 583, 584 (Cir. Ct. 9th Cir.).

## IV.

**The exclusion of the testimony of plaintiff's president Harold Lloyd and the witness George A. Hirleman was erroneous.**

The Court excluded the testimony of plaintiff's president, Harold Lloyd, upon the ground that defendant having called him, it could not contradict or impeach him (Tr. pp. 365, 366).

While this Court had said in *Harold Lloyd Corporation v. Witwer*, 65 Fed. (2d) 1, 5 (1933), that a party calling an officer of an adverse party vouches for his credibility, Rule 43(b) Fed. Rules Civ. Proc. (effective January 3, 1938), provides in part:

“A party may call an adverse party or an officer, director, or managing agent of a public or private corporation or of a partnership or association which is an adverse party, and interrogate him by leading questions and contradict and impeach him in all respects as if he had been called by the adverse party.”

The rejected testimony was offered to establish that all of plaintiff's motion pictures consisted of only a secondary story and situation comedy comprising “gags” and “stage business”, specially written for the individual personality of the star, as distinguished from pictures based upon famous stage plays and novels (Tr. pp. 365, 366). In this connection the testimony had established that the personality of Lloyd as a star, at the time of the production of plaintiff's picture “Movie Crazy”, was the drawing power of the picture, and that as Lloyd is not a present-day box office draw, the picture had no re-issue value, and the material was worthless for re-make rights (Tr. pp. 113, 209, 267-269, 274, 425, 428, 433, 434, 437-440, 448).

This distinction has been recognized by the Court in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U. S.

390, 407 (84 Law Ed. 825, 60 Sup. Ct. 681):

“The testimony showed quite clearly that in the creation of profits from the exhibition of a motion picture, the talent and popularity of the ‘motion picture stars’ generally constitutes the main drawing power of the picture, and that this is especially true where the title of the picture is not identified with any well-known play or novel.”

The Court likewise excluded the testimony of the witness, George A. Hirliman, upon the ground that it was a collateral matter and meant nothing to the Court (Tr. pp. 428-430, 460), offered to establish that he had purchased the re-issue rights to one of plaintiff's pictures for only \$3,500 (in contradiction of Lloyd's prior testimony to the contrary) (Tr. pp. 352, 354), but it had no value as not one exhibitor would take the picture because there was no demand for the re-issue or re-make rights of any pictures of this nature, as distinguished from a picture based upon a familiar stage play or novel.

No formal offer of proof is necessary under Rule 43 (c) Fed. Rules Civ. Proc., if the nature of the proposed proof is indicated.

*Meaney v. United States*, 112 Fed. (2d) 538, 539 (Cir. Ct., 2d Cir.).

The exclusion of the testimony of both witnesses affected the “substantial rights of the parties” under Rule 61 Fed. Rules Civ. Proc.

## V.

**The evidence having failed to establish and the court having failed to find, the extent to which the use of the same material in the Columbia Picture damaged plaintiff, it could not determine that the subsequent use of the same material in defendant's picture damaged plaintiff in any given sum.**

*Pennsylvania Railroad Co. v. Chamberlain*, 288 U. S. 333, 339 (77 Law Ed. 819, 53 Sup. Ct. 391):



“We, therefore, have a case belonging to that class of cases where proven facts give equal support to each of two inconsistent inferences; in which event, neither of them being established, judgment, as a matter of law, must go against the party upon whom rests the necessity of sustaining one of these inferences as against the other, before he is entitled to recover.”

To the same effect:

*Grand Trunk Western R. Co. v. Holstein*, 67 Fed. (2d) 780, 782.

*Franklin v. Skelly Oil Co.*, 141 Fed. (2d) 568, 571.

*P. F. Collier & Sons Co. v. Hartfeil*, 72 Fed. (2d) 625, 630.

*Gulf Refining Co. v. Mark C. Walker & Son Co.*, 124 Fed. (2d) 420, 425, 426 (cert. den. 316 U. S. 682).

*Parker v. Gulf Refining Co.*, 80 Fed. (2d) 795, 796.

## VI.

**The court's erroneous finding that the exhibition of defendant's picture continued after notice of plaintiff's alleged claim, constitutes reversible error.**

To avoid the necessity of such formal proof, plaintiff stipulated upon the trial (Tr. p. 452) that upon receipt of plaintiff's notice of the alleged infringement (March 20, 1945) the exhibition of defendant's picture had been stopped. Yet the Court found to the contrary (Finding XI, Tr. p. 36) that the exhibition of the picture continued after such notice, and the assessment of plaintiff's damage in the sum of \$40,000 was based upon this finding. This constitutes reversible error.

*Corpus Juris Secundum*, Vol. 5, p. 1189, Sec. 1786, says:

“An erroneous finding on a material fact is ordinarily ground for reversal; and thus the finding of a

material fact contrary to the admission of the parties or to the undisputed evidence, is prejudicial error, and a ground for reversal.”

*Capital National Bank v. Smith*, 62 Cal. App. (2d) 328, 343 (144 Pac. (2d) 665):

“It has been uniformly held the court may not adopt findings in conflict with stipulated facts. (*Wilson v. Mattei*, 84 Cal. App. 567, 573 [258 P. 453]).”

To the same effect:

*The People v. John Gabriel*, 57 Cal. App. (2d) 788, 792 (135 Pac. 2d 378).

*Carpentier v. Small*, 35 Cal. 346, 359.

*Henning v. Wuest*, 48 Cal. App. 147, 150 (191 Pac. 713).

*Wilson v. Mattei*, 84 Cal. App. 567, 573 (258 Pac. 453).

*Haese v. Heitzeg*, 159 Cal. 569, 575 (114 Pac. 816).

The Appellate Court will be bound by the stipulation made by the parties upon the trial.

*Fox v. Mutual Ben. Life Ins. Co.*, 107 Fed. (2d) 715, 720.

## VII.

**The unexplained delay of fifteen months in the assertion of plaintiff's alleged claim concerning a seasonable product like a motion picture, under a copyright that has been dormant for over ten years, precludes recovery of damages or profits.**

Plaintiff had the burden of proving its ignorance of the alleged infringement since December 3, 1943, and when and how knowledge was first obtained:

*Window Glass Mach. Co. v. Pittsburgh Plate Glass Co.*, 284 Fed. 645 (cert. den. 261 U. S. 623) (cited with approval

and followed by this Court in *Gillons v. Shell Co. of California*, 86 Fed. (2d) 600, 610, cert. den. 302 U. S. 689), p. 650:

“When delay in prosecuting a claim is so unusual as to carry with it the appearance of being unreasonable, as in this case, there devolves upon a plaintiff the burden of disclosing the impediments to an earlier action; of showing, if ignorant of his rights, how he had remained in ignorance so long; and of revealing how and when he first came to a knowledge of the matters on which he relies in his bill for relief.”

To the same effect:

*Hardt v. Heidweyer*, 152 U. S. 547, 558 (38 Law. Ed. 548, 14 Sup. Ct. 671).

*Rome Grader & Mfg. Corp. v. J. D. Adams Mfg. Co.*, 135 Fed. (2d) 617, 619.

**A. The extent of the delay is measured by the seasonable nature of an alleged infringing work.**

*Haas v. Leo Feist, Inc.*, 234 Fed. 105, 108:

“It must be obvious to every one familiar with equitable principles that it is inequitable for the owner of a copyright, with full notice of an intended infringement, to stand inactive while the proposed infringer spends large sums of money in its exploitation, and to intervene only when his speculation has proved a success. Delay under such circumstances allows the owner to speculate without risk with the other’s money; he cannot possibly lose, and he may win. \* \* \* A few weeks’ delay in the case of a song so ephemeral as this may have the same effect as 16 years, when the publication is a legal encyclopedia in 30 volumes.”

*Preston v. Kaw Pipe Line Co.*, 113 Fed. (2d) 311, 313 (cert. den. 311 U. S. 712):

“A court of equity looks with especial disfavor upon any unnecessary delay in asserting a claim to property that is highly speculative in character.”

**B. The rule is peculiarly applicable when plaintiff has not worked its statutory right for many years, coupled with defendant's assumption of a lawful right of use.**

*Valvoline Oil Co. v. Havoline Oil Co.*, 211 Fed. 189, 195:

“It must be admitted, even if it were to be held that the defendants infringed complainant's trade-mark, that the question involved is seriously debatable.

\* \* \* No satisfactory explanation is given for the delay, and, during that time, the defendants have spent thousands of dollars to create a valuable asset in the word ‘Havoline’. \* \* \*

But it cannot be equitable for a well-informed merchant with knowledge of a claimed invasion of right, to wait to see how successful his competitor will be and then destroy with the aid of a court decree, much that the competitor has striven for and accomplished—especially in a case where the most that can be said is that the trade-mark infringement is a genuinely debatable question.”

*Vacuum Cleaner Co. v. Innovation Electric Co., Inc.*, 234 Fed. 942, 948, 949:

“Throughout this period defendant was showing its machines at public exhibitions, was working in the open, and, in brief, was notoriously carrying on its business.

\* \* \* \* \*

While, on the one hand, the infringer takes his chances, yet, on the other, where the questions involved are legitimately debatable, and a defendant furnishes full information, and has built up a business and an organization, the owner of the patent, who has knowledge of an infringement, should not

be permitted to stand idly by and speculate on the accounting, pending the result of litigations which plaintiff selects, and wisely so, because of the desirability of putting the best foot forward first."

To the same effect:

*Rome Grader & Machinery Corporation v. J. D. Adams Mfg. Co.*, 135 Fed. (2d) 617, 619.

*Hitchcock v. Valley Camp Coal Co.*, 29 Fed. (2d) 426, 427.

*Gallihier v. Cadwell*, 145 U. S. 368, 372, 373 (36 Law. Ed. 738, 12 Sup. Ct. 873).

*Westco-Chippewa Pump Co. v. Delaware Electric & Supply Co.*, 64 Fed. (2d) 185, 187.

*National Geographic Society v. Classified Geographic*, 27 Fed. Supp. 655, 662.

**C. Such course of action constitutes an equitable estoppel, debarring plaintiff from the recovery of damages or profits.**

*Pollitzer v. Foster*, 59 Fed. (2d) 901, 902, 903:

"The long inaction of the plaintiffs, as indicated above amounted in our view to such laches as to create an equitable estoppel against their claims for damages and an accounting. We understand, of course, that a delay which will serve as an equitable estoppel must be of the character which justifies the belief that there is assurance of immunity from a claim of liability. \* \* \* This course of action is sufficient to raise a bar against an accounting or the recovery of damages for infringement of Truffault."

To the same effect:

*Edwin L. Wiegand Co. v. Harold E. Trent Co.*, 122 Fed. (2d) 920, 925 (cert. den. 316 U. S. 667).

*A. R. Mosler & Co. v. Lurie*, 209 Fed. 364, 371.



**D. The defense of estoppel need not be affirmatively pleaded where the issue is tried by the express or implied consent of the parties.**

The complaint alleged (Par. II, Tr. p. 6):

“That immediately upon discovering the facts concerning said infringements hereinbefore alleged and on or about the 20th day of March, 1945 plaintiff notified defendant in writing to cease and desist further distribution, exhibition or lease of defendant’s said motion picture \* \* \*”

The answer (Par. II, Tr. p. 20) denied said allegations, except that it admits such notice was given on or about March 20, 1945.

Upon the trial defendant’s counsel offered the notice in evidence (Deft’s Ex. G, Tr. pp. 386, 387), with the statement:

“Mr. Abeles: Now, I offer in evidence a communication from Mr. Fendler dated March 20, 1945, to Mr. Nathan J. Blumberg, president of Universal Pictures Company, Inc., which I understand was the first notice of any claim as to this picture Movie Crazy—So’s Your Uncle.

Mr. Fendler: You mean the first written communication from the plaintiff’s attorney?

Mr. Abeles: That is correct.

Mr. Fendler: So stipulated, and it may be received in evidence.

The Clerk: Defendants’ Exhibit G.” (Tr. p. 385)

The complaint having alleged that such notice had been given “immediately upon discovering the facts”, defendant’s counsel interrogated Lloyd as to the date that plaintiff discovered the infringement. When Lloyd contradicted this allegation of the complaint, by the admission that plaintiff acquired such knowledge some time prior to the giving of the notice, it was incumbent upon plaintiff to establish the date such knowledge was acquired (Tr. pp. 152, 153). When plaintiff made no offer of such

proof, or of proof of any prior notice having been given, the notice was offered to establish an estoppel, and was received in evidence for such purpose without objection, and upon plaintiff's counsel's stipulation. The facts of such estoppel having been developed upon the trial, and plaintiff not having objected to the offer of such proof, there was no cause for defendant to amend the pleading to conform to the evidence.

While Rule 8 (c) Fed. Rules Civ. Proc. (effective January 3, 1938) provides that the defense of estoppel should be affirmatively pleaded, Rule 15 (b) provides in part:

“When issues not raised by the pleadings are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure so to amend does not affect the result of the trial of these issues. \* \* \*”

Thus in *Haskins v. Roseberry*, 119 Fed. (2d) 803, 804, 805 (cert. den. 314 U. S. 655), this Court said:

“Appellees contend that the answer is broad enough to cover the defenses of estoppel and statute of limitations, and appellant contends to the contrary.

\* \* \* \* \*

Appellant's only argument regarding appellee's contention that the cause is barred, is that appellees waived the defense by failure to plead it, because Federal Rules of Civil Procedure, rule 8(c), 28 U. S. C. A. following section 723c, requires the statute of limitations to be affirmatively pleaded. Appellees contend that the rule was complied with. We think it unnecessary to decide whether the pleading is sufficient, because Rule 15(b) disposes of the contention in any event. That rule provides in part: (Quoting part of Rule 15(b) quoted above).

\* \* \* \* \*

We think and hold that the statute above quoted bars the remedy invoked by appellant."

To the same effect:

*Vernon Lumber Corp. v. Harcen Const. Co.*, 155 Fed. (2d) 348, 349 (Cir. Ct., 2d Cir.).  
*Pearl Assur. Co., Ltd. v. First Liberty National Bank*, 140 Fed. (2d) 200, 202 (Cir. Ct., 5th Cir.).  
*American Casualty Co. of Reading, Pa. v. Morris*, 51 Fed. Supp. 889, 896, aff'd 146 Fed. (2d) 208 (Cir. Ct., 4th Cir.).

### Conclusion

As to defendant Universal Pictures Co., Inc.:

- (1) The judgment should be reversed and the complaint dismissed, or
- (2) If it should be determined that plaintiff has established actual damage, the damages to be awarded should not exceed the sum of \$5,000, or
- (3) As plaintiff has not established its damage, either its recovery should be limited to 20% of the profits of said defendant (20% of \$20,517.28), to wit, \$4,103.45, or the matter should be referred to a Master to ascertain that portion of said sum of \$4,103.45 due to the use of the particular alleged infringing material.
- (4) There should be no award to plaintiff of attorney's fees.

Respectfully submitted,

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 GUY KNUPP,  
 (MITCHELL, SILBERBERG & KNUPP),  
 Attorneys for Appellant and  
 Cross-Appellee Universal  
 Pictures Company, Inc.

## APPENDIX

### Argument II

(P. 50) *Tate v. Fullbrook* [1908], 1 K. B. 821 :

The facts are stated (p. 822) :

“Each of the pieces, which were termed ‘dramatic sketches’ and were of a very slight character, intended for performance in music-halls, consisted of a dialogue between persons, accompanied by comic ‘business,’ in the one case taking place round a motor car, and in the other in connection with a telescope. In the opinion of the Court of Appeal the dialogue and story, if such it could be called, of the defendant’s piece were in substance wholly different from those of the plaintiff’s, but in respect of certain accessory matters there was a considerable similarity between the pieces. In each piece the number of the dramatis personae was the same, namely, six, and some of the characters were similar—for instance, in each piece there was a boy, supposed to be an Eton boy, a tramp, a knock-kneed street urchin, an athlete, and a policeman. The plaintiff and the defendant themselves performed the principal part in their respective pieces, and the defendant imitated the plaintiff’s make-up and style of acting. There was also a considerable degree of family likeness as regards the comic ‘business’ in the two pieces—for instance, in both pieces one of the effects consisted in a cracker being placed by the street urchin under and exploded by the foot of one of the characters. It was also alleged that expressions were introduced into the defendant’s piece by way of ‘gag’ which had been taken from similar ‘gag’ in the plaintiff’s piece as performed.”

The Court said (pp. 830, 833) :

“The similarities principally relied upon by the plaintiff’s counsel are in respect of matters which

*Appendix.*

in my opinion are really no part of the plaintiff's dramatic production. All that we have here is a certain similarity of stage situations and scenic effects, which ought not, in my opinion, to be taken into consideration at all in a case where there is no appreciable similarity between the words of the two productions. \* \* \*

\* \* \* The claim is not really in respect of copyright in the written words, but in respect of matters such as 'gag' and 'stage business,' which cannot be brought within the scope of the Copyright Acts."

(P. 50) *Karno v. Pathe Freres* [1908], 99 L. T. Rep. N. S. 114, 117:

"The general idea of 'fun' and 'ragging,' with plenty of 'business' and a considerable amount of 'gag,' is carried through the piece but there is no connected story or plot capable of being written down in a literary form. The fun (however nonsensical or devoid of real humour it may be) has been remarkably successful in London, in the provinces, and abroad; and, having been brought out at considerable expense, has nevertheless put thousands of pounds into the plaintiff's pocket, and still attracts crowded audiences and provokes roars of laughter wherever and whenever it is produced. Now, what the defendants have done is this: They have manufactured a cinematographic film, photographed from living persons whom they have placed on a stage to act, got up like the plaintiff's players, and these figures, when their pictures are thrown upon the sheet, appear to go through the same antics, the same succession of pranks, and the same scenic 'business' as that portrayed in the plaintiff's sketch, the incidents being presented substantially in the same order and by the same characters. The boy in the Eton suit and his guardian are in the same left-hand lower box and



*Appendix.*

do almost exactly the same things, the 'swell' is in the opposite box precisely as in the plaintiff's sketch, the 'turns' come in the same order, the numbers are put up and knocked out on the same right-hand side of the stage and in the same succession, the artistes follow the example of those in 'The Mummie Birds,' and the general get-up is the same throughout. There are, no doubt, some additions and variations, but the parts in which the two pantomimes agree largely exceed those in which they differ. At the request of the parties, and in order the better to judge as to the alleged plagiarisms, I attended a special private performance at the Oxford Music-Hall on the 6th inst., at which the plaintiff's sketch was performed and was followed immediately by the 'living pictures' produced by the film of the cinematograph twice repeated; and I have no hesitation in finding as a fact, whatever the result may be in law, that the one piece is copied in all essential particulars from the other'' (The court held that as this vaudeville sketch comprising "stage business" and "gags" with no sustained dialogue, was not a dramatic work, it could not be infringed.)

(P. 50) *Glazer v. Hoffman*, 153 Fla. 809, 812, 813 (16 So. (2d) 53):

"Appellee's performance, as reflected by the record, is substantially, viz.: He opens his performance with an address, professionally known as 'patter.' The address appellee caused to be copyrighted. Subsequent to the 'patter' appellee proceeds to produce various cocktails, coffee, sodas and other drinks from pitchers, shakers, etc., and delivers these several drinks to the members of the audiences. These drinks are taken from 'seemingly' empty shakers and beakers. The mechanical equipment used and necessary for the sleight of hand performance given

*Appendix.*

from time to time by the appellee is purchasable in the open market.

The appellant's act or performance consists of the use of similar mechanical equipment. He likewise attempts to deliver an address or professional 'pat-ter' prior to the act or performance. He is able by sleight of hand performance to supply approximately any drink requested by the different members of his audiences. \* \* \*

The appellant points out that the performance of both parties in producing the requested drinks is only a sleight of hand performance; that it has been in existence for many years and is as common as pulling rabbits out of hats or snakes out of pockets. The magician usually wears a frock coat; surrounds himself with attractive female assistants; assumes a serious, wise, and important attitude, but on close analysis the mixed drink performance is the old sleight of hand trick. \* \* \*

\* \* \* \* \*

The case of *Fuller v. Bemis*, C. C., 50 F. 926, involved an infringement complaint. The act consisted of a stage dance illustrating the poetry of motion by a series of graceful movements, combined with an attractive arrangement of drapery, light and shadows. While the idea may be 'pleasing,' said the Court, it is not such a dramatic composition as to bring it within the meaning of the copyright act. See *Barnes v. Miner*, C. C., 122 F. 480; *Chappell & Co. v. Fields*, 2 Cir., 210 F. 864. We therefore conclude that the plaintiff below failed to bring his act or performance within the terms of the Federal copyright statutes."

(P. 50) *Harold Lloyd Corporation v. Witwer*, 65 Fed. (2d) 1, 20, 22, 24, 27:

"The plaintiff does not state what is new or novel about this plot or sequence of events found by the

*Appendix.*

trial court, or about the matter claimed to have been copied or appropriated from the story. \* \* \*

\* \* \* \* \*

The dramatic and moving picture rights of a copyrighted story do not cover words (cases cited) voice, motions, or postures of actors (cases cited), but an original novel treatment of a theme (cases cited).

\* \* \* \* \*

The rule is well settled that matters in the public domain are not copyrightable, and we understand that the appellee concedes this and limits her contentions to what she considers the novel features of the story appropriated in the play. On this subject, Weil in his work on the 'Law of Copyright,' states the law as follows:

Section 983: 'It should also be borne steadfastly in mind, that if a work is not entirely original, there is no copyright in the unoriginal part, which will prevent its use, separately, or in combination, with matter not covered by copyright. Hence, of course, any inquiry as to infringement must exclude permissible reproduction of such non-original matter.'

Section 984: 'If, on the other hand, there are truly original thoughts embodied in the work,—not merely in the expression of thought, but in the thought so expressed, then copyright exists in such intellectual creation throughout. The scope of copyright is, then, always measured by the extent of, and nature of, the original work embodied in a creation.'

\* \* \* \* \*

Weil (sections 185, 186) deals with the effect of a copyright upon dramatization rights, and particularly as to the right to the plot, as follows: 'It is essential to a "dramatic composition." ' said La-combe, J., in the Fuller Case (C. C.), 50 F. 926,

*Appendix.*

‘that it should tell some story. \* \* \* The merely mechanical movements by which effects are produced on the stage are not subjects of copyright where they convey no ideas whose arrangement makes up a dramatic composition.’

\* \* \* \* \*

the scene, considered independently from the story and the play merely as a scene or a subordinate sequence of events, is utterly commonplace and incapable of copyright monopoly. It is immaterial, therefore, whether or not there is copying.”

(P. 51) *Rush v. Oursler*, 39 Fed. (2d) 468, 473:

“When in such a case similarities are found not in the plot or in its dramatic development or in the lines or action of the principal characters, but only in incidental details necessary to the environment or setting, there is no basis upon which to found a charge of plagiarism, and it may usually be said that such material is so unimportant and so trivial that its appropriation by copying, even if shown, would not be a substantial taking of copyrighted material. The unanimous opinion of the Court of Appeals in *Fendler v. Morosco*, 253 N. Y. 281, 171 N. E. 56 (March 18, 1930), is an instructive application of these principles.

\* \* \* It is true that in attempting to bring the audience itself into the dramatic action, and to create and continue the illusion of the occurrence of an actual murder during a theatrical performance, similarities in incidental detail were developed in the re-writing of ‘The Spider.’ These changes undoubtedly heightened and intensified the dramatic effect, and may fairly be assumed to have contributed largely to the success of the play. \* \* \*

\* \* \* it was of such insignificant and unsubstantial importance that it cannot be made the basis of a charge of plagiarism.”

*Appendix.*

(P. 52) *Seltzer v. Sunbrock*, 22 Fed. Supp. 621, 628, 629:

“The courts, in determining what constitutes a dramatic composition, have emphatically stated that there must be a story—a thread of consecutively related events—either narrated or presented by dialogue or action or both. *Daly v. Palmer*, 6 Fed. Cas. p. 1132, No. 3,552; *Amdur*, Copyrights, p. 122 et seq. Attempts have been made to extend the protection afforded dramas under the act to other forms of composition spectacular in nature and theatrical in presentation, but lacking the story element. Even in the early days of interpretation of the Copyright Act, however, the distinction between a mere exhibition, spectacle, or arrangement of scenic effects on the one hand, and a true dramatic composition on the other, was well recognized. \* \* \*

\* \* \* Congress, in subsequent amendments to the act, has made provision, in additional classifications, for certain new types of composition, notably motion pictures. But none of these revisions, including the very significant one of 1909—to which detailed reference is made infra—have added anything to the act to change the original definition of a ‘drama’ as enunciated by the courts. New media in which dramas could be presented were recognized. New provisions have sweepingly prohibited unauthorized dramatizations of any kind by any means whatsoever. Section 1(d) as enacted in 1909, 17 U. S. C. A. § 1(d). But there has been no statutory abandonment of any of the fundamentals previously held indispensable to a genuine dramatic composition.

The courts likewise have clung to first principles and have refused to extend the definition of a ‘drama’ to include other forms of composition having no bona fide plot or story.”



*Appendix.***Argument III**

(P. 54) *Broadway Photoplay Company v. World Film Corporation*, 225 N. Y. 104, 107, 110 (121 N. E. 756):

“The plaintiff was permitted to prove its receipts from other pictures, supplied by other producers, before the breach and after. This evidence was received under objection and exception, but subject to motion to strike out. The motion was later made, with adequate statement of the grounds, and an exception was noted to the denial. The point is fairly raised, and we must determine whether it was error to permit the evidence to stand. The plaintiff’s theory is that a jury, analyzing its receipts, would discover uniformities and averages from which the profits of first-run pictures might be approximately measured.

\* \* \* No formula can be framed, regardless of experience, to tell us in advance when approximate certainty may be attained. The rule of damages must give true expression to the realities of life. We do not need to determine what the plaintiff’s rights would be if it were able to establish the uniformities which it asserts. The sufficient answer is that it has failed utterly to establish them. \* \* \* But there is nothing in the evidence to supply a basis for the comparison. No law of averages, no constant or approximate uniformity of returns, can be gathered by induction from the sporadic and varying instances scattered through this record. The pictures of the first run are few in number. They disclose no semblance of equality in their returns when compared with one another. They disclose a like diversity when compared with pictures of later runs. \* \* \* Nothing but guesswork can place the damages at \$4,500 or any other fixed amount.

*Appendix.*

\* \* \* The plaintiff was not required to prove its damages to the dollar (*Wakeman v. Wheeler & Wilson Mfg. Co.*, 101 N. Y. 205). It was required, however, to supply some basis of computation (*Bernstein v. Meech*, *supra*; *Todd v. Keene*, 167 Mass. 157; *Cramer v. Grand Rapids Show Case Co.*, 223 N. Y. 63); and this it did not do.

There were other errors of a like nature. Experts were permitted to show their experience in other theatres. \* \* \* The comparison was misleading, and the admission of the evidence erroneous (*Todd v. Keene*, *supra*; *Moss v. Tompkins*, 69 Hun, 288; *affd.* 144 N. Y. 659).''

(P. 55) *Cutting v. Miner*, 30 App. Div. 457, 459, 460 (52 N. Y. Supp. 288):

''There was no evidence in the case to warrant this finding. It was necessarily pure guess work. \* \* \* Whether the play would have succeeded or not was entirely problematical. It had not previously been produced. It might have been a success or it might have been a complete failure. \* \* \* If the performance had been permitted to proceed, and the play had been a success as evidenced by equally large audiences on subsequent occasions, there would have been some reasonable basis for the finding as to the prospective profits for the rest of the week. But here there was no basis at all. There was simply a first-night audience attracted by the production of a new play. \* \* \*

The other evidence was entirely speculative. The defendant, it is said, admitted that the weekly receipts of his theatre were never less than \$2,300. His manager admitted that they sometimes took in as much as \$1,500 in a night, and he also said that Monday nights (it being on a Monday that the audience was dismissed) were 'usually light.' Then, too, the

*Appendix.*

defendant told one of the witnesses that the plaintiff would have done a good week's business and that he liked the play and had faith in it. There were various other 'straws' of the same kind. But in all this we find nothing from which the jury could have drawn an inference as to what receipts would probably have been taken in during the week in question. We quite agree with the suggestion that where the defendant's misconduct has rendered the proof of damages difficult the court 'ought not to be too precise and exacting in regard to the evidence upon which to base a claim for damages resulting from loss of future profits' (*Dart v. Laimbeer*, 107 N. Y. 664). The difficulty here is that there are no substantive facts from which the necessary inferences can be drawn. \* \* \* 'The results \* \* \* were,' as said in *Bernstein v. Meech* (*supra*), 'speculative and by no probative means ascertainable.'''

(P. 55) *Wooldridge v. Shea*, 186 App. Div. 705, 709 (175 N. Y. Supp. 130):

"The principal difficulty with the evidence in this case is that it does not show or tend to show, with any degree of certainty, that the enterprise would have been profitable or that there would have been profits in which the plaintiff would have been entitled to share (*Bernstein v. Meech*, 130 N. Y. 354; *Cutting v. Miner*, 30 App. Div. 457; *Moss v. Tompkins*, 69 Hun, 288; *affd.* 144 N. Y. 659; *Todd v. Keene*, 167 Mass. 157; *K. & R. Film Co., Inc., v. Brady*, 104 Misc. Rep. 667).

When it is certain that damages have been sustained, and the only uncertainty is with respect to the amount thereof, such amount may be determined 'approximately upon reasonable conjectures and probable estimates,' but if they are 'so uncertain, contingent and imaginary as to be incapable of ade-

*Appendix.*

quate proof, \* \* \* then they cannot be recovered because they cannot be proved.' (Wakeman v. Wheeler & Wilson Mfg. Co., *supra*. See also, Witherbee v. Meyer, 155 N. Y. 446; *Stevens v. Amsinck*, 149 App. Div. 220, 230).''

(P. 56) *K. & R. Film Company, Inc. v. Brady*, 104 Misc. 667, 669, 671 (172 N. Y. Supp. 268) aff'd 188 App. Div. 913 (175 N. Y. Supp. 908):

"There is no doubt in my mind that in a case of this kind loss of profits which the plaintiff would have made is the real measure of the damages which he has suffered. In order, however, to recover such damages the plaintiff is required to prove as part of its case the profits which it has lost. In so far as these profits are purely speculative and not susceptible of proof they are not the subject of recovery. *Bernstein v. Meech*, 130 N. Y. 354.

The amount of profits to be derived from a theatrical or moving picture performance naturally depends upon a great many different conditions, and the proof that is required must be at least sufficient to remove the question of the amount of profits which might have been realized from the realm of speculation to the realm of reason. The success of the production depends partly upon the merits of the production itself and its power of attracting an audience. It also depends, however, upon the amount of the competition which it must meet in any particular locality. It further depends upon the size and attractiveness of the theatre and upon the question of whether the particular production is calculated to attract the particular clientele which is accustomed to go to such theatre and whether the patrons of such theatre would pay the price demanded for the seats in order to see this production. Obviously, ordinarily, it is difficult, if not impossible, for the

*Appendix.*

plaintiff to produce proof which would show with any degree of certainty that if the production had been made it would have resulted in any profits, and which would give the jury any basis upon which such profits could be estimated. In the present case the plaintiff has attempted to supply this proof by showing that it produced the film at numerous other theatres within a radius of 250 miles of the city where defendant's theatre is located, and further showed the receipts obtained at such theatres during the production of the film. \* \* \* No case has been cited where any recovery for profits has been permitted upon a refusal to carry out a contract for a theatrical production without proof of actual profits obtained under at least approximately similar conditions. In fact, the only case cited by the respondent where such profits were recovered is an unreported case where apparently the plaintiff was able to show the actual profits realized in that particular theatre during a period of time when the parties were performing the contract which was subsequently breached."

(P. 56) *County of Los Angeles v. Signal Realty Co.*, 86 Cal. App. 704, 708 (261 Pac. 536):

"We think the testimony was properly stricken because it consisted of the witness' speculation and conjecture only. \* \* \* As we have mentioned, it was stipulated between the parties that the testimony of the witness Seelig that the severance damages sustained would amount to \$66,000 was based upon his estimated loss of that amount in rentals during the next thirty-three years by reason of the loss of the land taken. In making this statement the witness was not relating a fact. He did not pretend to do more than tell the court what he believed would result, based upon his knowledge of the past. This was merely an estimate, and his testimony in that



*Appendix.*

regard was only conjecture. \* \* \* These elements are proper to be considered, but they must be established if at all by competent evidence and not the mere fanciful guess of any witness as bearing upon severance damages. It is not so much the subject with which the witness Seelig's testimony dealt that is objectionable, but it is its character as being speculative which render it incompetent and irrelevant."

(P. 56) *Sanitation Dist. No. 2 v. Averill*, 8 Cal. App. (2d) 556, 564, 566 (47 Pac. (2d) 786):

"Another ruling of the court, upon which appellant relies for a reversal, is one in which the court struck out certain of the testimony of plaintiff's witness, H. A. Laffler, who duly qualified as an expert, in which he gave it as his opinion that the remaining land of appellant would be depreciated in value in the amount of \$408,630 by reason of the location, maintenance, operation and construction of the sewer in the manner proposed by respondent. \* \* \*

\* \* \* \* \*

The testimony stricken out was fully as speculative and conjectural as that held inadmissible upon the same grounds in *Coast Counties Gas & Electric Co. v. Miller & Lux, etc.*, 118 Cal. App. 140 (5 Pac. (2d) 34), and *County of Los Angeles v. Signal Realty Co.*, 86 Cal. App. 704 (261 Pac. 536). An award of damages based upon the quoted testimony of the witness Laffler would be a departure from the sound and just rule that damages must be established with reasonable certainty and may not be purely speculative as to amount or remote as to origin."

(P. 56) *Central Coal & Coke Co. v. Hartman*, 111 Fed. 96, 98, 100, 102:

"The only damages claimed in the petition, and the only losses which the plaintiff sought to prove at

*Appendix.*

the trial, were the loss of some of the expected profits of his business of buying and selling coal between January 1, 1897 and January 25, 1899. \* \* \* Actual damages only may be secured. Those that are speculative, remote, uncertain, may not form the basis of a lawful judgment. The actual damages which will sustain a judgment must be established, not by conjectures or unwarranted estimates of witnesses, but by facts from which their existences is logically and legally inferable. The speculations, guesses, estimates of witnesses, form no better basis of recovery than the speculations of the jury themselves. Facts must be proved, data must be given which form a rational basis for a reasonably correct estimate of the nature of the legal injury and of the amount of the damages which resulted from it, before a judgment of recovery can be lawfully rendered. These are fundamental principles of the law of damages. \* \* \*

\* \* \* \* \*

He produced no contracts he had ever made. He named no customer with whom he had ever had a contract, no customer whom he had lost. \* \* \* Here are no facts—no data—from which the number of customers or the amount of custom which he had lost can be lawfully inferred, none which make the amount of the contracts for future delivery which he did not make either reasonably or unreasonably certain, no basis for even a fair conjecture. \* \* \*

Testimony of this character is nothing but conjecture, and it presents no substantial evidence to make certain the profits that were lost, if any. Expected profits are, in their nature, contingent upon many changing circumstances, uncertain and remote at best. They can be recovered only when they are made reasonably certain by the proof of actual facts which present data for a rational estimate of their

*Appendix.*

amount. The speculations and conjectures of witnesses who know no facts from which a reasonably accurate estimate can be made form no better basis for a judgment than the conjectures of the jury without facts.”

(P. 58) *Boston & Albany Railroad Company v. O'Reilly*, 158 U. S. 334, 336 (39 Law. Ed. 1006, 15 Sup. Ct. 830):

“Still, the fact remains that the evidence was admitted, although objected to as incompetent, because the profits of the business, as it was proposed to show them, depended upon so many outside matters, and were too remote.

It further appears that, after having been permitted to put in an estimate of what his personal earnings were from participation in the threshing business, and after it appeared that such business had been brought to a close by the sale of the machine and the good will the fall before the accident, the plaintiff was permitted, under objection, to testify that when he sold out he did it with an intention of resuming the business. To resume such a business would, of course, have required the purchase of another plant, and it is equally obvious that the fate of a new venture was merely conjectural. Such evidence is too uncertain to be made the basis of a verdict for damage. \* \* \*”

(P. 58) *P. P. Mast & Co. v. Superior Drill Co.*, 154 Fed. 45, 49, 50:

“The first assignment of error on the appeal of the defendant below is that the Circuit Court erred in finding an arbitrary sum and decreeing its payment by defendant. We think this assignment must be sustained. The court abruptly departed from the orderly course of procedure. The decree did not rest upon any finding by the master, notwithstanding the

*Appendix.*

court overruled all exceptions to it. Nor is it supported by any evidence to be found in the record. It was for an arbitrary sum quite distinct from either of the results which the evidence had any tendency to prove, and the court was not at liberty to pronounce a decree at discretion. Neither profits nor damages can be awarded without proof, and that must be something tangible and sufficient to lead to some definite result. We appreciate the embarrassment and difficulties which attend these inquiries, and to which the learned judge referred; but that does not justify a departure from the rules of law governing the subject. *Corporation of New York v. Ransom*, 23 How. (U. S.) 487, 16 L. Ed. 515; *Philip v. Nock*, 17 Wall. (U. S.) 460, 21 L. Ed. 679."

(P. 58) *Auto Vacuum Freezer Co., Inc. v. William A. Sexton Co.*, 250 Fed. 459, 468:

"The difficulty with the master's reasoning is that it is founded on mere speculation. It is not possible for any one to say whether, if defendant had not infringed, it would have taken three or four years to bring the sales up from \$30,000 to \$63,000 on an advertising expense of \$3,000, and with the added complication of an increase of the retail price. \* \* \*

There are many particulars in which the courts are satisfied with reasonable estimates and approximate calculations in ascertaining damages in infringement cases; but in every case, not only must damage be the proximate result of the tort, but there must be some fundamental data upon which it can be estimated. \* \* \* To go beyond that, and hold defendant liable for an increased advertising expense, which, inter alia, has produced increased sales, is to say that damage may be awarded upon the guess of the court, rather than upon evidence."

*Appendix.*

(P. 59) *Rude v. Westcott*, 130 U. S. 152, 167 (32 Law. Ed. 888, 9 Sup. Ct. 463):

“Opinions not founded on knowledge were of no value. Conclusions from such opinions were at best mere guesses. By the decision rendered a settled rule of law was violated, that actual, not speculative, damages must be shown, and by clear and definite proof, to warrant a recovery for the infringement of a patent. As was said long ago by this court: ‘Actual damages must be calculated, not imagined; and an arithmetical calculation cannot be made without certain data on which to make it.’ *New York v. Ransom*, 23 How. 487, 488. There was no question in this case of damages arising from lost sales, or injurious competition, for no machines had been manufactured and put on the market by the patentee, or by the complainants, his assignees.”

(P. 60) *Atchison, T. & S. F. Ry. Co. v. California Sea Products Co.*, 51 Fed. (2d) 466, 468, 469:

“The fact that demurrage in analogous cases is allowed on the basis of anticipated profits and that profits are distinctly the fruits of a commercial venture, brings the award of such claims squarely under the rule set forth in the case of *Central Coal & Coke Co. v. Hartman* (C. C. A.) 111 F. 96, 98. There the court said: ‘The anticipated profits of a business are generally so dependent upon numerous and uncertain contingencies that their amount is not susceptible of proof with any reasonable degree of certainty; hence the general rule that the expected profits of a commercial business are too remote, speculative, and uncertain to warrant a judgment for their loss. (Cases cited.) \* \* \* He who is prevented from embarking in a new business can recover no profits, because there are no provable data of past business from which the fact that anticipated profits would



*Appendix.*

have been realized can be legally deduced. (Cases cited.)'

The mere addition of the new equipment, the Lanning, to the whaling fleet did not make the business of catching whales 'new' to the appellees, for the latter had had nine years' experience in whaling. But in the light of the record we cannot logically call the venture of fishing for whales in the untried waters off San Clemente Island an established business, the profits of which are reasonably capable of ascertainment. We think it too broad an interpretation of the rule set forth in *The Conqueror* and *Central Coal & Coke* cases, *supra*, to allow for the loss of anticipated profits on the record of the two catches of 1926 and the one in December, 1927. \* \* \*

\* \* \* \* \*

Holding that the lower court erred in awarding damages to libellant in any sum, in that 'the evidence was too uncertain, speculative and conjectural, to be made the basis of a verdict for damages,' we do not think it necessary to consider the other assignments."

(P. 60) *Hedrick v. Perry*, 102 Fed. (2d) 802, 806, 807:

"The cause of action pleaded in respect to damages was loss of profits on business which would have been earned and received except for the concert of action of Hedrick, Penn, and Penn Company in diverting the business from Perry to Penn Company. Anticipated profits from a business which is contemplated but not established are too remote and speculative to form the basis on which to recover damages for the reason that there are no facts from which the amount of such profits can be determined with the degree of certainty required by law. *Howard v. Stillwell & Bierce Manufacturing Co.*, 139 U. S. 199, 11 S. Ct. 500, 35 L. Ed. 147; *Ellerson v. Grove*, 4 Cir., 44 F. 2d 493; *Milheim v. Baxter*, 46 Colo. 155, 103 P. 376,

*Appendix.*

133 Am. St. Rep. 50; *Kettering Mercantile Co. v. Sheppard*, 19 N. M. 330, 142 P. 1128; *California Press Manufacturing Co. v. Stafford Packing Co.*, 192 Cal. 479, 221 P. 345, 32 A. L. R. 114; *Blakiston v. Osgood Panel & Veneer Co.*, 173 Wash. 435, 23 P. 2d 397."

(P. 60) *Gibson v. Hercules Mfg. & Sales Co.*, 80 Cal. App. 689 (252 Pac. 780):

"The alleged loss of profits relates not to the interruption of the business of a going concern, but is remote, contingent, speculative, existing only in anticipation, without any tangible basis upon which to predicate any loss whatever. The allegation that the plaintiff could have done this and could have done that, if the defendant had done something else, furnishes no facts upon which to predicate a judgment.

\* \* \* Where a new business or enterprise is engaged in, and damages by way of profits are sought for its interruption or prevention, the rule is that they will be denied, for the reason that such business is an adventure as distinguished from an established business, and its profits are speculative and remote, existing only in anticipation (17 Cor. Jur., p. 797, sec. 118; *Shoemaker v. Acker*, 116 Cal. 239, 244 [48 Pac. 62].) The rule is one of necessity. Damages must be certain of ascertainment. If one engaged in a new industry, there are no probable data of past business from which the fact can be legally deduced that anticipated profits would have been realized. (*Central Coal Co. v. Hartman*, 111 Fed. 96, 99 [49 C. C. A. 244].) In *Central Coal Co. v. Hartman*, supra, we find the following: 'He who is prevented from embarking in a new business can recover no profits, because there are no provable data of past business from which the fact that anticipated profits would have been realized can be legally deduced,' citing a number of authorities.

*Appendix.*

In 8 Cal. Jur., page 777, the distinction is clearly drawn by the text-writer as to when loss of profits may be allowed. If the business is established and is interrupted, past profits furnish the basis for calculating the damage. If the business is unestablished, such anticipated profits are held to be remote, uncertain, and speculative, on the ground that no satisfactory statement of the loss can be made. To state it in different language: No one can say that any profits would ever have been realized. The rules which we are here stating relative to loss of future profits are also clearly set forth in *Shoemaker v. Acker*, 116 Cal., at pp. 244, 245 (48 Pac. 62). The substance of the holding there is that when the business prevented or interrupted is an established one, a basis for allowing damages is found in the past profits of the concern, but if no business has ever been done, no profits earned, the possibility of proving profits does not exist, and no court can determine whether there would be profits, or whether the prospective business would not rather result in losses. To the same effect is the case of *McConnell v. Water Co.*, 149 Cal. 65, 66 [8 L. R. A. (N. S.) 1171, 85 Pac. 929]. Since the briefs were written in this case, the leading case, *California Press Mfg. Co. v. Stafford Pack. Co.*, above referred to, reported in 192 Cal. 479 (221 Pac. 345), has been re-reported in 32 A. L. R. 114, to which has been appended annotations covering thirty-six pages. On page 126 of the same volume, under the subtitle setting forth the rule of law that no recovery can be had for losses of profits, which are uncertain, speculative, contingent, and conjectural, is collated authorities from nearly every state in the Union, showing an unbroken line of decisions confirming the principle set forth in the case of *California Press Mfg. Co. v. Stafford Pac. Co.*, supra, and on page 153 of the same volume, under the subtitle dealing with the rule relating to antici-

*Appendix.*

pated profits of an unestablished business, is also collected a long list of decisions showing the unanimity of courts in upholding such doctrine. The cases collected and appended in the notes to the principal case, reported in 32 A. L. R. 120, are so extensive and so numerous that it is unnecessary to do more than cite the volume and page of said work to show that plaintiff has no cause of action on account of his alleged loss of anticipated profits, based upon unrealized hopes of an unestablished business. Whatever damage he may have suffered, by reason of the acts of the defendants, must be based upon something tangible and not upon future prospects, and there being nothing of that character in the complaint, and nothing in the complaint other than what we have referred to, it follows that the judgment of the trial court should be affirmed, and it is so ordered."

(P. 60) *California Press Mfg. Co. v. Stafford Packing Company*, 192 Cal. 479, 485 (221 Pac. 345):

"As a proposition of law, it is well established that loss of profits growing out of a breach of contract, and resulting to an unestablished business, is of too uncertain a character to constitute a basis for the computation of damages for the breach. (*Kettering v. Sheppard*, 19 N. M. 330 [142 Pac. 1128].) Where a new business or enterprise is engaged in, and damages by way of profits are sought for its interruption or prevention, the rule is that they will be denied, for the reason that such business is an adventure as distinguished from an established business, and its profits are speculative and remote, existing only in anticipation. (17 Cor. Jur., p. 797, sec. 118; *Shoemaker v. Acker*, 116 Cal. 239, 244 [48 Pac. 62].) The rule is one of necessity. Damages must be certain on ascertainment. If one engages in a new in-

*Appendix.*

dustry, there are no provable data of past business from which the fact can be legally deduced that anticipated profits would have been realized. (Central Coal Co. v. Hartman, 111 Fed. 96, 99 [49 C. C. A. 244].)''

(P. 60) *Cramer v. Grand Rapids Show Case Co.*, 223 N. Y. 63, 68, 69 (119 N. E. 227):

“The evidence of loss of profits and the submission of that question to the jury by the trial justice was in conflict with the determination of this court in *Witherbee v. Meyer* (155 N. Y. 446) where the rule of damages is fully considered and the case of *Wakeman v. Wheeler & W. Mfg. Co.* (101 N. Y. 205), relied upon by counsel for plaintiffs, distinguished. The reasoning in the *Witherbee* case renders unnecessary additional citations from other jurisdictions or the United States Supreme Court in harmony with that decision.

A distinction exists between the interruption of an established business and a new venture. The owner of an established business may have it in his power to establish with reasonable certainty the amount of capital invested, the monthly and yearly expenses of operating his business, and the daily, monthly or yearly income he derived from it for a long time prior thereto and for the time during which the interruption of which he complains continued, thereby furnishing a reasonably correct estimate of the nature of the legal injury and the amount of damages which resulted therefrom. While evidence of such facts may be admissible they must not be uncertain or problematical (*Dickinson v. Hart*, 142 N. Y. 183). The requirement imposed upon one whose business has been established and interrupted cannot be enforced as to him and made less stringent to one embarking in a new business



*Appendix.*

who cannot furnish data of past business from which the fact that anticipated profits would have been realized can be legally deduced.”

(P. 64) *Davilla v. Brunswick-Balke Collender Co.*, 94 Fed. (2d) 567, 568, 570 (cert. den. 304 U. S. 572):

“Whether profits shall be awarded or statutory damages allowed is not a matter of choice with a plaintiff. In *Douglas v. Cunningham*, 294 U. S. 207, 209, 55 S. Ct. 365, 366, 79 L. Ed. 862, the court said: ‘The phraseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties, and to give the owner of a copyright some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits.’ See *Jewell-LaSalle Realty Co. v. Buck*, 283 U. S. 202, 51 S. Ct. 407, 75 L. Ed. 978; *Hendricks Co. v. Thomas Pub. Co.*, 2 Cir., 242 F. 37.

\* \* \* \* \*

Since the amount of the sales was sufficiently proved, there was no basis for an award of statutory damages. Such an award should not be based upon the idea of punishment, but depends upon the absence of proof of actual profits and damages. *Turner & Dahnken v. Crowley*, 9 Cir., 252 F. 749, 754; *Westermann Co. v. Dispatch Printing Co.*, 249 U. S. 100, 39 S. Ct. 194, 63 L. Ed. 499.”

(P. 64) Section 70, Patent Law (R. S. Sec. 4921; March 3, 1897, Ch. 391, Sec. 6; 29 Stat. 694; Feb. 18, 1922, Ch. 58, Sec. 8, 42 Stat. 392) (35 U. S. C. Sec. 70):

“If on the proofs it shall appear that the complainant has suffered damage from the infringement or that the defendant has realized profits therefrom to which the complainant is justly entitled,

*Appendix.*

but that such damages or profits are not susceptible of calculation and determination with reasonable certainty, the court may, on evidence tending to establish the same, in its discretion, receive opinion or expert testimony, which is hereby declared to be competent and admissible, subject to the general rules of evidence applicable to this character of testimony; and upon such evidence and all other evidence in the record the court may adjudge and decree the payment by the defendant to the complainant of a reasonable sum as profits or general damages for the infringement.”

(P. 64) *Widenski v. Shapiro, Bernstein & Co., Inc.*, 147 Fed. (2d) 909, 911, 912:

“It is indicated in the case last cited and established in *Enterprise Mfg. Co. v. Shakespeare Co.*, 6 Cir. 141 F. 2d 916, 919, and the cases cited therein, that proof of either established or reasonable royalties may be resorted to in patent cases only when the patentee is unable to make satisfactory proof of his actual damage and the actual profits of the infringer. That is to say, a plaintiff in a patent case, if he prevails on the issue of infringement, may recover upon the basis of an established or reasonable royalty only after he has failed to prove satisfactorily his own loss and the infringer’s profits. Thus the royalty rule provides successful plaintiffs in patent suits who have been harmed but cannot prove either their actual damages or the defendant’s actual profits with a means to escape the hollow victory of an award of purely nominal damages. But the Copyright Act itself makes provision for similarly situated plaintiffs in copyright cases in the ‘in lieu’ clause of Sec. 25(b), a provision not found in the corresponding section of the Patent Law (35 U. S. C. A. Sec. 70), and from this

*Appendix.*

we conclude that it is a substitute for the established or reasonable royalty rule applied in patent cases.

Moreover, it seems to us highly significant that we have been referred to and have found no case applying the patent rule contended for by the defendant in a copyright case, and that the Supreme Court in the Sheldon case *supra*, refused to sanction the closely analogous contention that damages in a copyright case ought to be the price at which the copyright proprietor had indicated his willingness to sell to the infringer."

(P. 65) *S. E. Hendricks Co., Inc. v. Thomas Pub. Co.*, 242 Fed. 37, 41:

"As is well known, the language of this section is a growth of years, resulting from the efforts of Congress to avoid that strictness of construction which historically attaches to any statute inflicting penalties, and to confer upon an injured copyright owner some pecuniary solace, even when the rules of law render it difficult, if not impossible (as it often is), to prove damages or discover profits. \* \* \*

In *Gross v. Van Dyck Gravure Co.*, 230 Fed. 412, 144 C. C. A. 554, Hand. J., in the trial court held that the duty was by this statute laid upon the court to 'estimate damages' in place of the 'old penalties, \* \* \* but to estimate them within the sums given, without the limitations of usual legal proof. The whole course of copyright laws shows a recognition of the difficulty of making legal proof of damages and in substituting for rigid penalties the discretionary power of the court, we must assume that a plaintiff should not fail for lack of proof.' "

